Canada's Weekly Newsmagazine
# Maclean's
October 11, 1999



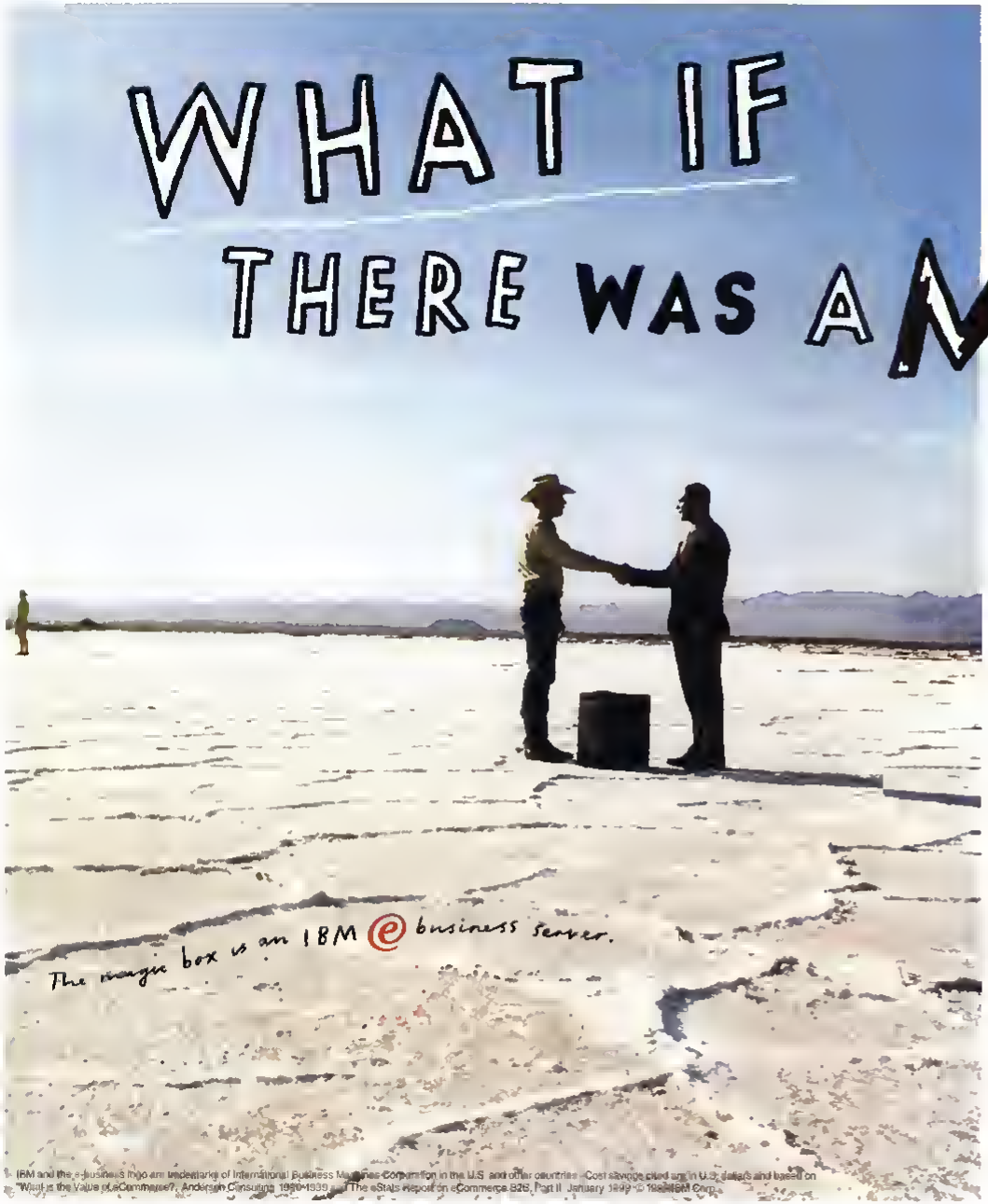
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# Gerry Schwartz

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Canada's Weekly Newsmagazine
October 11, 1999 Vol 112 No 41

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## Cover



Phil Snel/Maclean's

## 46 Why he needs Air Canada

Since he unveiled his proposal to merge Canada's two major airlines, Onex Corp.'s Gerry Schwartz has taken some nasty swipes from his critics, especially those at Air Canada. Why does a guy who has everything want this aggravation? Kimberley Noble profiles the man in the eye of the storm

## Features



Jim Ruymen/UPI

**Special Report**

### 68 Northern exposure

When star Selma Hayek made her latest movie in Vancouver, she became part of a growing trend. There is so much film and TV production in Canada, Hollywood is fuming

### 20 Showdown over lobster

Year-round fishing rights for aboriginals set off an angry confrontation in Atlantic Canada. Both sides warned of possible violence



Andrew Vaughan/CP



National Archives of Canada/PA-1208

### 72 Studies of war

Military historians bring little-known conflicts to life and tackle controversial aspects of the wars Canadians fought.

From the

# Editor



## Whatever happened to Parliament?

**"An unacceptable** concentration of powet . . . a significant reduction in competition . . . higher prices and lower levels of service." Those were the key phrases that Finance Minister Paul Martin used when he rejected two proposed bank mergers last December.

Skip ahead nine months, and what is the officialese applied to Onex. Corp 's bid to merge Canadian Airlines and Air Canada? Transport Minister David Collenette: "For the markets to decide." Prime Minister Jean Chrétien: "A private dealing." And most dramatic: suspension of the Competition Act.

You get the feeling that the Liberal government really wants Onex CEO Gerry Schwartz to prevail. It is even possible the government postponed the opening of Parliament this fall to keep the merger out of that notorious hothouse.

Consider the timing: on Aug. 13, a Friday, Collenette and Industry Minister John Manley invoked Section 47 of the Transportation Act, which authorized them to "take any steps" deemed necessary. The ministers used the provision to hoist the Competition Act so merger talks could proceed. Eleven days later, Onex announced the merger plan. (Subsequently, Collenette said Air Canada first asked for suspension of the Competition Act so it could negotiate the purchase of Canadian's international routes.)

In any event, the government seemed determined to avoid a Commons debate. The small print in the act would have given Parliament 30 sitting days to revoke the Aug. 13 suspension of Section 47—that is to say, by Sept. 27. Parliament originally was scheduled to meet on Sept. 20. Wonder of wonders, plans changed and the government decided to call Parliament into session on Oct. 12—which had the effect of keeping all those messy questions about the deal out of the hothouse.

To be sure, *something* needs to be done about Canadian's chronic, money-losing ways and the potential loss of 16,000 jobs if it went under. And as Schwartz effectively notes, no one has yet put a better deal on the table.

It may be indeed a good deal. But by stifling debate, Canadians are now wondering whether what is good for Onex Corp. is also good for them.

Belatedly, Collenette and friends got the message. The Onex deal will not fly unless consumers can be assured that prices will not soar while service plummets. The government insists it will make sure consumers and employees are protected. But the odds are not reassuring. As the temporarily neutered head of the Competition Bureau, Konrad von Finckenstein, put it last week. "No merger to monopoly could ever, by definition, bring about gains in efficiency that outweigh the effects of the merger on the competition."

The best thing Ottawa could do now is take the shackles off the competition watchdog and let the sun shine in. That way, Canadians can test the air worthiness of another of Collenette's assertions: "The interests of Canadians must be protected."

Robert Lewis

## Newsroom Notes

### Getting to know him



*Schwartz, Noble in his garden: elusive*

**Kimberley Noble,** *Maclean's* national business correspondent, has been watching and writing about Gerry Schwartz and his Onex Corp. since the mid-1980s. She confesses, however, that she, like all other journalists who have covered Schwartz over the years, found him an elusive study. "He is very wary," Noble says. "He is one of the most cautious people I've ever met."

Under the direction of Assistant Managing Editor Gwen Smith, work on this week's cover story began on Aug. 24, the day Schwartz announced his dramatic bid to merge Canadian Airlines and Air Canada. Noble was determined to observe her subject away from his office, press conferences and media scrums. Her persistence paid off. Invited by Schwartz and his wife, Heather Reisman, to breakfast at their Toronto home, she stuck with him for a full—and very busy—day. "I think he expected me to take off by mid-morning, but he was too polite to object when I stayed," Noble says.

The result is a revealing personal portrait of the man who would control Canada's airline industry (page 46). Completing the cover package is a *Maclean's* Roundtable chaired by Senior Writer Robert Sheppard.










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# The Mail

## Native power

**It's about time** we started recognizing the new generation of aboriginal peoples ("Move over," Cover, Sept. 27). There is a lot of talent and energy there. We hope the actor Adam Beach becomes well known on the Canadian and international scene. The new aboriginal channel on TV is also a welcome addition to our Canadian networks. It's about time.

**Therese Mair,** Georgetown, P.E.I.



Photo: Gregg Mackenzie S.

*Beach: role model for young native men*

**It is so good** to see young men like Adam Beach on the cover of magazines and shown in pictures with their children. He is a loving father and a very good role model for the younger native men. I commend and thank you for a great article.

**Joanne Sutton,** Claremore, Okla.

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**Bravo!** Give us more stories about native Canadians. We read "Move over" in our Grade 11 language arts class in Winnipeg's inner city, the core of the child poverty capital of Canada. Many of our R. B. Russell High School students were inspired, delighted and proud to read in a national magazine about Troy Rupert, the native Hercules, who has been coaxing them away from gangland. Native youth need to know they can realize fulfilment despite obstacles such as racism and the devastating cross-generational impact of the residential school fiasco. They need to know that college and university are options if the homework work ethic comes into play via an inspirational, responsible educational system that promotes study skills for all cultures.

**Brian MacKinnon,** Winnipeg

**They can stand** side by side with me for as long as they want, but I'm not moving over.

**Ken Higson,** Kelowna, B.C.

**Although I enjoyed** *Maclean's* positive cover story, it saddens me that in Canada we still have a white world. It saddens me that we separate our artists into race categories and that we use phrases such as "native identity" in place of "national identity." I was raised to believe that my people are Canadian people, regardless of their race, and to think that notion quixotic is disheartening.

**Jason Glieno,** Toronto

**I was disappointed** to see no mention of the most important role models for young aboriginal youth today—the educators. At the Kihew Asiniy Education Centre, a junior/senior high school, we have a First Nations education director, principal and vice-principal, and on a teaching staff of 20, we have 10 First Nations teachers. All our teacher assistants and support staff are First Nations people. Our staff works together to help First Nations children learn responsibility, honesty, commitment and, most of all, love. Our expected graduation rate for the year 2000 will be triple that in 1998. This is a true sign of growth and success among aboriginal youth in our particular part of the First Nations world.

**Sherryl A. Maglione,** Saddle Lake First Nation, Saddle Lake, Alta.

## 'No war zones'

**Not one more** Canadian peacekeeper should be sent into a war zone until Canada's politicians and military brass accept accountability for so doing and for misleading the paying public about what happens to our personnel overseas ("Help at last," World, Sept. 27). Our politicians, military brass and bureaucrats are too interested in their pensions, positions and global profiles, and we cannot believe the mis- and disinformation they mete out to us. In short, they are not to be trusted to support the widows and orphans, or the physically and mentally maimed resulting from the peacekeeping efforts for which successes they take credit. Former peacekeeper Matt Stopford, now ill and going blind, has exposed a coverup related to the exposure of our troops to hazardous substances and their subsequent illnesses being ignored. Defence Minister Art Eggleton recently said they will get to the bottom of it. Rather, the aim should be to get to the "*top* of it"—to the politicians and generals.

**E. Berton and Irene Nickerson,** Wolfville, N.S.

## Smokin' drive-ins

**It is obvious** to me why drive-ins continue to be popular in Quebec ("Distinct drive-ins," Opening Notes, Sept. 27). In the drive-in, Quebec patrons can smoke while watching the movie. They can't if they go to the movie theatre. In the rest of Canada, the addiction isn't quite so rampant.

**Dr. Howard Bargman,** Toronto

## Memories of Eaton's

**I am very disappointed** and sad to see Eaton's closing its doors ("The end of Eaton's," Business, Aug. 30). As a child growing up in Edmonton, every Saturday afternoon my mom, my sister and I would get out of our cleaning clothes and go downtown to Eaton's for a toasted bearclaw and a cup of tea or glass of milk. Just knowing we were going downtown later made cleaning an easy chore. I also won my first-ever three-speed bicycle at Eaton's when I was about 7 or 8 (1954 or '55) for completing a slogan with the word Eaton's in it. I have always been an Eaton's shopper and do not know who will fill that void.

**Shirley Dohei,** Edmonton

## 'Up in arms'

**It's no surprise** that we Canadian paleontologists are up in arms about the intrusive, destructive trenching in Axel Heiberg Island's fossil forest ("The forest of the past," Canada, Sept. 6). Much more scientific work needs to be done on an intact fossil forest, and this disturbance could destroy irreplaceable research opportunities. It would be tragic for long-term researchers to lose out because of unco-ordinated activities by the U.S. team.

**John Storer,** Whitehorse

## High-tech costs

**In your cover story** "Welcome to the wired classroom" (Sept. 6), you stated that "last March, Canada was the first country to plug every public library and school—18,263 in total—into the Internet." That is not correct. Industry Canada made funds available so that every public library that wished to could purchase a computer for the public to use for Internet access. In Saskatchewan, 35 libraries decided not to participate because they could not afford the telecommunications charges. Library associations across Canada are actively working to find ways to have sustainable Internet access. One-time funding for computer purchases is commendable, but it ignores the realities of long-distance charges and the costs of upgrading software and hardware.

**Lauraine Armstrong,** President, Saskatchewan Library Association, Saskatoon

**The unbridled optimism** and sense of urgency reported in the article on online education only fuels speculation and makes the case for dramatic investment into this phenomenon, often at the cost of other important programs designed to increase access and oppor-



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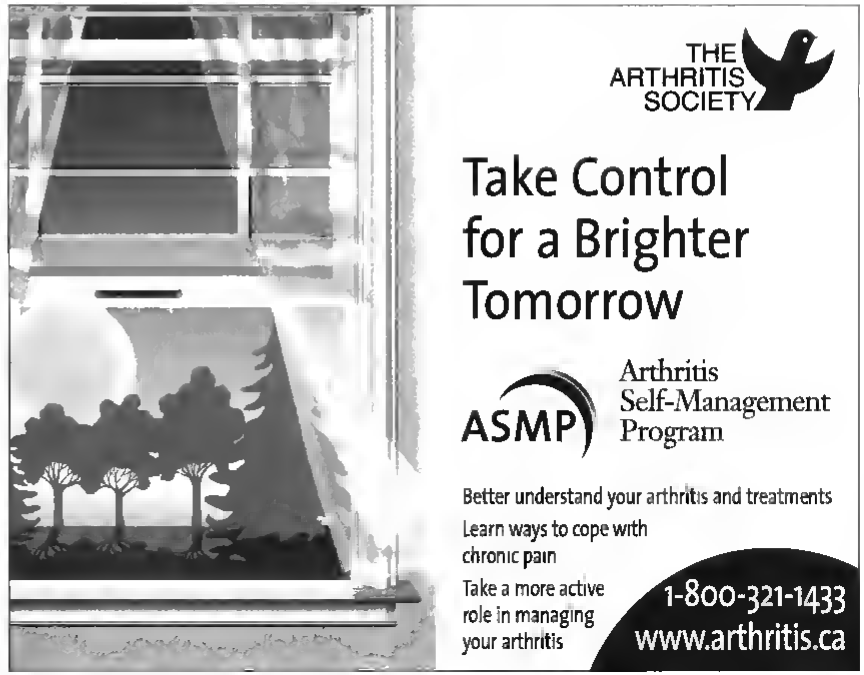
tunity for our neediest students. Two items in particular will determine whether and when the educational promise of virtual instruction will be reached. First, access to computers and the Internet must be equally distributed To date, these technologies are clearly helping learners who are mostly adult, mostly hold a degree already, and have the motivation, access and technological capacity to take advantage of these opportunities. Last year, data from the U S. department of commerce illustrated the large gaps in access to computers and technology by income, level of education and race/ethnicity More disturbing was this summer's update by the department the gaps are growing, not shrinking Access among our highest-income families grew by 12 per cent between 1997 and 1998. Among low-income families, less than three per cent. Second, and an almost forgotten part of the discussion, is learning theory and preferences Research clearly shows that our neediest students require individual, hands-on instrucoon. Undoubtedly, technology has its merit However, we must also keep it in perspective, and continue to focus our effort on issues of equal opportunity and educational excellence Until technology takes another leap in progression, the current power of Internet-based instruction will remain mostly fictional.

**Watson Scott Swail,** Associate Director for Policy Analysis, The College Board, Washington

## 'Pact with the devil'

**In our very** recent past, our government brayed ever so loudly about human rights abuses in Kosovo and went to war over it. It became, so we were told, the first war in history fought on the grounds of human rights. That may or may not be true, but it opens up the question, what to do about East Timor ("Reprisal in East Timor," World, Sept. 20)? In 1996, Canada struck a $2.76-billion trade agreement with Indonesia. But if we are true to our word about protecting human rights, we ought to go in and bomb the hell out of East Timor to protect the Timorese, right? Wrong It doesn't make sense to invest $2.76 billion and then turn around and bomb them, does it? What about economic sanctions, that other tried-and-true method of getting the other to bend the knee (it certainly has worked wonders in Iraq and Cuba for the United States)? Equally, does it make sense to jeopardize one's investments by imposing sanctions on those very investments? Truly, Canada is faced with an interesting dilemma. When you make a pact with the devil, there's no telling how the devil in the end will own you.

**Richard Toews,** Abbotsford, B.C.



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## Shooting for votes

**I found** Allan Fotheringham's column on George (Dubya) Bush very informative ("Getting to know George W," Sept. 27). It strikes me that should he and Bill Bradley win their parties' respective nominations, the run for the presidency will be quite a shooting match—the NRA versus the NBA.
**Stuart Wright,** Sillery, Que.

**It is apparent** that with the approach of the 2000 U.S. presidential election, the real Y2K bug is George W. Bush. He has an outlaw mentality and seems to believe in the old adage of shoot first, ask later. Executing so many people must make him feel powerful, but at a cost of lives to mostly poor minorities.
**Daniel O. Gagne,** Cochrane, Ont.

## Tired, but loving it

**I read** Deirdre McMurdy's column of Sept. 20, "Yawning to be free," with great empathy and amusement. However, I believe she left out a very important segment of the population—those of us who are supposed to work those normal hours between 7 a.m. and 7 p.m. and don't. There are tens of thousands of us out there whose day runs like mine: up at 5 a.m. to get on the road to miss traffic, commute an hour so you can live in a great, inexpensive location to raise your kids, hit the office by 6:15 a.m. to make coffee, check e-mail, voice mail, paper mail, make coffee (did I say that already?), prioritize the day's activities, have some time for uninterrupted work, answer the phones that start ringing at 8 a.m., take a break and lunch at your desk and then hit the road by 4 p.m. to pick up your kids (no I didn't forget to drop them off, my husband does that) by 5 p.m., get home, make dinner, take the kids to whatever lesson the season offers, bathe the dogs—no, I mean the kids, then try to accomplish all that other stuff you need to do, like return phone calls, recall what your mate looks like, if you have one, bathe and go to bed to do it all over again the next day. Now, fortunately, I love my job, love the people I work with and wouldn't trade it or them for the world—but boy, I'm tired.
**Joanne Young Evans,** Fergus, Ont.

## Cause and effect

**"A stormy season"** (World, Sept. 27) purports to explain "why big hurricanes like Floyd are on the rise" without mentioning the effect of human economic activity on the temperature of our planet. In the face of near consensus among the scientific community that excessive human production and consumption are causing potentially irreversible changes to the Earth's climate, blaming an increase in hurricane activity primarily on weather cycles reinforces the perception that business and individual citizens have little reason to alter their destructive and unsustainable practices.
**Timothy Paci,** Hamilton

## Black-and-white TV

**I am disappointed** by the lack of people of colour in leading roles on the shows on TV ("TV: old ideas, new packages," Special Report, Sept. 27). When a person of colour does appear on a TV show, the person's ethnic background is black and of course the leading roles are almost always played by a white person. Where are my brown people? Where are the Indians, Asians, natives, Hispanics? I am ashamed that Canadian TV portrays Canada as truly the Great White North.
**Shyamudin Mohamed,** Toronto

## Professorial bias

**Ann Dowsett Johnston's** "Welcome to the gender wars" (Sept. 27) was an important and balanced article on the controversies informing the hiring of women faculty. Regardless of the anomalies of women-exclusive hiring at Wilfrid Laurier University's psychology






department and subsidies by the Natural Sciences and Engineering Research Council to hire women, it is timely to note relevant, shared outlooks between Prof. Clive Seligman (Western) and Prof. Nancy Hopkins (MIT). It is apparent both academics are unambiguously opposed to discrimination and bias. Hopkins puts it well: universities need to pursue excellence and "there are great women out there." Any university department that fails to recruit and hire available, outstanding women candidates is committing an unconscionable disservice to its students, male and female, as there are no better mentors than accomplished, dedicated faculty. Regrettably, the Wilfrid Laurier approach is to substitute chromosomes for quality and inadvertently contribute to patronizing its women students, who, I would guess, are more interested in good teaching and good research than the culture wars engaged in by faculty. One can only hope that Wilfrid Laurier's psychology department will find an excellent woman candidate who will not reject them. Unlike every other member of the department, she will never know if she would have been chosen if the search was open.

**Prof. Harvey Shulman,** Concordia University, Montreal

**Ann Johnston's** column concludes that "systems tend to reinforce themselves." This conclusion, as applied to university faculty hiring, is bang on. As Prof. Angelo Santi, psychology department chairman at Wilfrid Laurier University, notes in the article, most universities bias their hiring towards female applicants "in a covert fashion." Even so, at WLU, they can't hire enough women. Thus, turning covert sex discrimination into overt sex discrimination by refusing to even consider applications from men would seem to be merely the next logical step. Given the immorality with which the university hiring system now operates, one would hope that the Ontario Human Rights Commission will have the sense to put an end to it.

**Prof. Stephen J. Lupker,** Department of Psychology, University of Western Ontario, London, Ont.

## 'Jews and Judaism'

**Thank you** for Barbara Amiel's column "Jews and *Sunshine*" (Sept. 27). I like Jews, many of my classmates were Jewish and I appreciated their hard work, sense of humour and contributions. I also experienced, because of my ethnic background, some non-acceptance from the WASP culture in which I grew up, and share this with my Jewish friends. My concern is with the negative influence on our culture: the violence, immorality and attack on the family portrayed by Hollywood. If Jewish people are "overrepresented" in Hollywood, then it seems to me that they have a lot to answer for. There, Jewish people do not seem to be "people of the book," more like bottom-line people and damn the consequences. I join in Amiel's prayer.

**Peter G. Peloso,** Elora, Ont.

**Though Barbara Amiel** may have considerable acumen as a journalist, I do wish that she would stop putting herself forward as a commentator on Jews and Judaism. While Amiel apparently spent the hours of Yom Kippur, 1999/5760, musing about the origins of anti-Semitism, her co-religionists all over the world paused to fast, pray and reflect on how we, as individuals and as members of the human community, failed to live up to our own potential for goodness. On this holiest of days, we do not turn our attention to judging others or to instructing them (no matter how well intentioned that instruction might be). Rather, we are bidden to acknowledge that we are, all of us, imperfect, and to look deep within ourselves for the will and the commitment to do a little bit better next year. I think she missed the point.

**Willa Litvack,** Calgary

## Sellouts to sold out

**Wayne Gretzky** should be pushing glucosamine instead of Tylenol ("A star for team arthritis," Health, Sept. 27). I was recently diagnosed with osteoarthritis in my hips and lower back. I was a ballet dancer for many years and have always continued strenuous exercise in one form or another. You can imagine my dismay when almost overnight my hips became so bad that after sitting in a car for two hours I'd have to shuffle stiffly for a few yards before I could move with my former balletic grace. My doctor prescribed Aspirin. I don't like drugs. I informed myself with books and self-prescribed glucosamine sulfate, which rebuilds cartilage and is readily available. After just one month, I'm back to my strenuous exercise with only a mere hint of stiffness in the morning. Tell Gretzky to try glucosamine for Great results.

**Joanna Gosse,** St. John's, Nfld

**Wayne Gretzky's** games were sellouts in hockey, but sadly now he has sold out. If he truly was suffering from osteoarthritis, he would be devoting time and money to finding a cure rather than filling his already overflowing coffers with the profits from desperate arthritis sufferers. Perhaps Gretzky should study up on a true Canadian hero—Terry Fox.

**Wayne Alexander,** Markham, Ont.



The Mail

# Notes

Edited by Tanya Davies

## Questioning the Liberals' penchant for plum positions

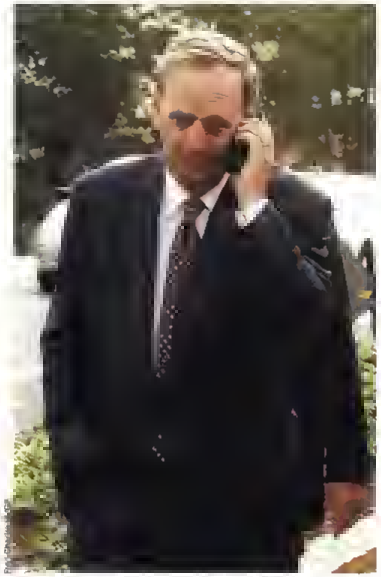
**Doling out patronage** is a tricky business. Plum appointments must be visible enough that friends know loyalty has its rewards—but the system is best kept out of the eyes of the public. These days, the federal government is having trouble with the second part: patronage is being exposed to the glare of critical scrutiny with unusual regularity. Discontent seems to have started down on the waterfront. Shipping industry groups were stunned earlier this year when their formal recommendations for board members for the revamped port authorities from Halifax to Vancouver were often passed over in favour of friends of the government. In Toronto, the former harbour commission chairman, David Perry, who also happens to be a longtime Liberal fund-raiser, is suing Transport Minister David Collenette over the way the appointments were made.



Paul Adams, Ward Doyle and Tom Hanson/CP Archive

*Collenette; Marchi (right): criticism of Liberal patronage has spread overseas*

And criticism of Prime Minister Jean Chrétien's use of patronage has spread beyond Canada. In his August cabinet shuffle, Chrétien named former trade minister Sergio Marchi as Canada's ambassador to the Geneva-based World Trade Organization. The appointment of the longtime Chrétien loyalist might have been routine—had he not been replacing a highly respected trade negotiator, John Weekes. London's *Financial Times* took note, wondering why Canada would dump a savvy insider at the start of a complex round of WTO negotiations.



*Chrétien: creating patronage jobs instead of cutting*

A third controversy swirls around an appointment that has yet to be made: a new president for the Canadian Broadcasting Corp. Since Perrin Beatty left the post last month, acting president James McCoubrey has been running the show. Rumours abound as to whom Chrétien will put at the helm of the country's biggest cultural institution. But as the Prime Minister mulls over his choice, the nonprofit lobby group Friends of Canadian Broadcasting says the delay has left the CBC adrift. It is calling for the appointment to be put at arm's length from the government.

Such controversies raise questions about Chrétien's overall record on patronage. Back in 1994, his newly elected government vowed to scale down Tory-era excesses. And after three years in office, the Liberals boasted they were taking steps to slash 20 per cent of patronage jobs, or 868 positions. But last week, officials close to the appointment process were unable to provide figures to back up such claims. The government's own patronage bible, the *Governor in Council Appointments Guide*, listed 2,240 appointees at the start of this year—down just 146 from 1995, when the Liberals were beginning to streamline patronage-laden agencies. More evidence that patronage is hardly passé: an internal government briefing note from last year, obtained recently by the Reform party under the Access to Information Act, discloses that during the period when the Liberals were reviewing agencies with an eye to paring them back, they actually created 112 new patronage jobs.

**John Geddes** *in Ottawa*





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# We'll bet on the little green men

*For months, governments and companies have issued soothing reassurances about their readiness for computer glitches on Jan. 1, 2000—the so-called Y2K bug. Bookies, at least, seem persuaded, and have posted some very attractive odds for those inclined to wager on a potential catastrophe or two. With less than 100 days to go before the big day, Costa Rica-based NASA International is taking online wagers on Y2K disasters—anything from a stock market crash to an invasion by extraterrestrials. Odds posted so far on the firm's Web site* (www.betonsports.com) *include*

**Financial crises** 1,000 to 1 that a Y2K problem will shut down the U.S. Federal Reserve for at least 24 hours; 700 to 1 that Citibank, Hong Kong and Shanghai Banking Corp., USB, or the Dresdner Bank will similarly close.

**Power failure:** 20 to 1 that a major American utility serving more than 200,000 customers or a European telephone company will shut down for 48 hours or more.

**Plane crash:** 300 to 1 that a Y2K glitch will down a commercial airliner.

**Stock market crash:** 30 to 1 that the Dow Jones industrial average will drop more than 200 points on the first day of trading in 2000.



*Scene from* Independence Day: *alien attack*

**Unexpected visitors:** 100,000 to 1 that an alien spaceship will land in Washington on Jan. 1.

**Armageddon:** 1,000,000 to 1 that the world will end on Jan. 1. (It is not explained how bettors would collect their winnings on the day after Armageddon.)

## Best-Sellers

| | | POSITION LAST WEEK |
|---|---|---|
| **Fiction** | | |
| 1. | **PILGRIM,** Timothy Findley (7) | 1 |
| 2. | **A STAR CALLED HENRY,** Roddy Doyle (3) | 2 |
| 3. | **IN PURSUIT OF THE PROPER SINNER,** Elizabeth George (3) | 3 |
| 4. | **BLACK NOTICE,** Patricia Cornwell (8) | 5 |
| 5. | **TRUTH AND BRIGHT WATER,** Thomas King (2) | 10 |
| 6. | **DEATH DU JOUR,** Kathy Reichs (18) | 7 |
| 7. | **HANNIBAL,** Thomas Harris (17) | 8 |
| 8. | **DARK LADY,** Richard North Patterson (5) | 4 |
| 9 | **WHAT THE BODY REMEMBERS,** Shauna Singh Baldwin (2) | 6 |
| 10 | **THE GIRLS' GUIDE TO HUNTING AND FISHING,** Melissa Bank (8) | 9 |
| **Nonfiction** | | |
| 1. | **'TIS,** Frank McCourt (1) | |
| 2. | **THE MITROKHIN ARCHIVE,** Christopher Andrew and Vasili Mitrokhin (1) | |
| 3 | **IAN WONG'S CHINA,** Jan Wong (1) | |
| 4. | **OLGA ROMANOV,** Patricia Phenix (2) | 5 |
| 5. | **OUT OF PLACE,** Edward Said (1) | |
| 6. | **PARENTING WITH WIT AND WISDOM IN TIMES OF CHAOS AND LOSS,** Barbara Colorosa (3) | 1 |
| 7 | **BALTIMORE'S MANSION,** Wayne Johnston (2) | 4 |
| 8. | **NAME-DROPPING,** John Kenneth Galbraith (11) | 7 |
| 9 | **WILLIAM OSLER,** Michael Bliss (2) | 6 |
| 10. | **THE FIRST WORLD WAR,** John Keegan (5) | 8 |

( ) Weeks on list *Compiled by Brian Bethune*

## View from the top




Given the extraordinary scenery of the world's second-largest country, Canada has never suffered from a shortage of pictorial books. But *Over Canada: An Aerial Adventure* (Whitecap Books) provides a unique perspective. Russ Heinl, official photographer for the Canadian Forces' aerobatics team, the Snowbirds, logged 400 helicopter hours and took 90,000 aerial pictures for the book. The 155 photos chosen for publication range from the usual suspects—the rugged terrain of the Shield, the dramatic meeting of cliffs and sea off both coasts—to spectacular shots of the nation's cities. One standout is the photo of the annual Gatineau Hot Air Balloon Festival held just outside Ottawa, taken from *above* the hovering balloons.

# Passages



Bryce Dym/Ottawa Citizen

**Died:** Escott Reid, 94, a legendary public servant who helped fashion the golden age of Canadian diplomacy in the 1940s and '50s; in a nursing home in Ottawa. Born in Campbellford, Ont., Reid was a member of the foreign service from 1939 to 1962. In 1947, he helped draft new rules for the United Nations, and he began to promote the idea of a Western security alliance to counter the Soviet Union. It eventually become NATO. He served as high commissioner to India between 1952 and 1957, then as ambassador to West Germany until 1962. Reid was appointed as the first principal of York University's Glendon College, a bilingual campus located in Toronto, in 1965, a position he held until 1969.

**Awarded:** The Nobel Prize in literature to **Gunter Grass,** 71, Germany's best-known writer of the postwar generation, by the Swedish Academy in Stockholm. The $1.4-million award is the world's most prestigious and valuable literary prize. The Swedish Academy cited Grass's first novel, *The Tin Drum,* published in 1959, for ushering in a new era for German literature "after decades of linguistic and moral destruction."

**Awarded:** The Governor General's Awards for performing arts to playwright **Michel Tremblay,** 57, film director **David Cronenberg,** 56, actor-director **Mavor Moore,** 80, opera singer **Louis Quilico,** 74, actor-director **Denise Filiatrault,** 66, and singer **Ginette Reno,** 53, in Ottawa.

**Died:** Irish actress **Bernadette O'Farrell,** 75, who played Maid Marian in the popular 1950s television series *The Adventures of Robin Hood,* in London.

**Named:** Rowing Canada's women's head coach **Al Morrow,** 49, as coach of the year; by FISA, the international governing body of rowing, in Canberra. A longtime coach, Morrow steered the careers of **Marnie McBean** and **Kathleen Heddle,** Canada's most decorated summer Olympians.

Maclean's

Canada's Weekly Newsmagazine

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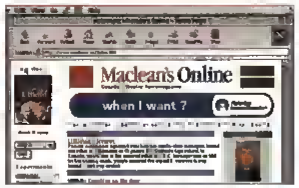
When it comes to keeping up with news events in Canada and around the world, Maclean's has been a must-read for Canadians since 1905. Maclean's award-winning team of editors and writers offers readers regular sections that track and interpret business, health and educational developments both at home and abroad.

Trying to make sense of the falling dollar, auto industry labour disputes, or the collapse of Asian markets? Turn to Maclean's weekly Business Section for comprehensive coverage on financial topics and trends affecting Canadian businesses, investors and consumers. As well, every second week the magazine features a special 'Personal Finance' report examining such subjects as RESPs, soaring consumer debt and property markets.

Maclean's weekly Health Section makes sense of the unending deluge of medical reports and research with intelligently written features or 'Health Monitor" updates. Expect diverse coverage—groundbreaking provincial comparisons of health-care services, using the Internet as a health resource, or new therapies to treat depression—that sorts through conflicting medical research and delivers the health information you need and want to know.

In the face of rising costs, government cutbacks and increasing demand, education in Canada is experiencing an unprecedented level of reform. In addition to Maclean's award-winning university ranking issues, the magazine's weekly Education Section tracks these developments, providing relevant information on such hot topics as learning disabilities, experimental teaching approaches, and rising tuition costs.

## Newsstand Notes




Designed with subscribers in mind, the Maclean's new Web site (www.macleans.ca) offers full access to all of the news, stories and profiles featured in the current issue of the magazine, available on the Sunday before the printed magazine hits newsstands. As well, Maclean's subscribers have access to a searchable archive of issues from the past six months—perfect for school assignments or business needs—and can review the status of their subscriptions. Non-subscribers are invited to scan highlights of all the stories featured in the current issue of Maclean's, plus check out special sections on film, music, technology, personal finance, education and health.

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WHAT MATTERS TO CANADIANS

# Opening Notes

## Explorer

## Virtually anything is possible

**Ordinarily,** Joe Attard of the diesel division of General Motors of Canada Ltd. in London, Ont., uses conventional computers to oversee the design of light-armoured military vehicles. But last September, Attard got a glimpse of the future on a visit to the National Research Council of Canada's Integrated Manufacturing Technologies Institute, also in London. There, he and six fellow engineers donned $800 goggles and sat in front of a virtual reality projection screen called a power wall. To put the technology through its paces, the GM design team brought with it the computerized images of an as-yet unbuilt engine and transmission. The vehicle's power plant and drivetrain were then displayed in three dimensions, with 3,000 parts viewable from any angle. "Within seconds of bringing it up," says Attard, "we spotted a number of errors."

Detecting design flaws before building expensive prototypes is just one of the remarkable applications of virtual reality. Recognizing its vast potential for product development, General Motors partnered with the NRC's manufacturing institute to create the Virtual Environment Technologies Centre, a $6-million research and educational facility located at the University of Western Ontario in London. On Sept. 24, Industry Minister John Manley inaugurated the centre—billed as the best in the world—whose other collaborators are SGI Canada Ltd., a builder of supercomputers, and Electrohome Ltd.'s Fakespace Systems Inc., which makes virtual reality equipment. Gian Vascotto, the institute's director of systems simulation and control research, says the VET Centre will lead to better manufactured goods made more quickly and cheaply. "You can simulate almost anything in the world with this."



*Manley in the virtual reality cave: 3-D*

Some of the envisioned applications include taking a magnetic resonance image of a brain tumour, projecting it into virtual reality and visualizing how to best extract the cancerous growth. Biochemists can display a molecule, go inside it and look about to determine where to tweak it so that the molecule functions better as a drug. To explore these possibilities and others, the centre is made up of several components. There are two private design rooms equipped with two-by-2.5 metre power-wall screens, a glass-topped interactive workbench that resembles a drafting table, and a 35-seat theatre that houses a seven-by-2.5 metre glass screen, the largest in the world. Finally, the centre's jewel is its 27-cubic-metre virtual reality room, called the cave, which projects the image onto the walls and the floor. Here the 3-D experience is at its best, says Vascotto, and never fails to impress. "No one," he says, "has walked out of here and said, 'What the hell do we need this for?' "

## Sony and the pirates

**In an effort** to curb the distribution of pirated music over the Internet using MP3 audio technology, Sony Corp. introduced its Memory Stick Walkman. Using Sony's encryption technology, Walkman owners can, securely, and legally, buy music over the Net and store it on the company's memory stick. To play the music, the stick is inserted into the Walkman. The portable player, which will be released in Japan on Dec. 21, cannot play pirated MP3 files. It will retail for $630.



*The new Walkman: anti-piracy effort*

Danylo Hawaleshka



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# Imagining Reagan

## An unconventional look at an important president

**No doubt** about it, Edmund Morris can write. Here he is describing Ronald Reagan in his twilight years, an old man cast cruelly adrift in his own mind by the ravages of Alzheimer's disease: "He will rake leaves from the pool for hours, not understanding that they are being surreptitiously replenished by his Secret Service men. Perplexities crowd upon him . . . Who is this big brown-suited man in the television documentary, saluting and smiling? Why are 'the fellows' so unco-operative at three in the morning, when he dresses for an urgent appointment?"

Moving stuff, but is it true? At the end of Morris's authorized book on Reagan (not biography after all, but what the author calls "memoir"), we aren't quite sure. In the Alzheimer's case, the answer seems to be yes; the passage is footnoted to interviews with one of Reagan's doctors. Elsewhere, confusion reigns. Morris interweaves reality and imagination so thoroughly that it takes an effort greater than most readers will want to make to untangle them. Maybe it doesn't matter—certainly Morris might argue that. Early in *Dutch: A Memoir of Ronald Reagan* (Random House, $49.95), he writes that "the past is delusion, the future illusion." His book follows that precept, with fictionalized characters, letters, film scripts, even footnotes. How terribly postmodern. How terribly unhelpful, though, for anyone trying to figure out the central mystery: how the roan who co-starred with a chimpanzee in *Bedtime for Bonzo* morphed into the president who won the Cold War.

Morris's central conceit, under attack even before *Dutch* was published last week, is to imagine himself as an older contemporary of his subject who interacts with him at crucial points throughout his life. The half-fictional "Edmund Morris," three decades older than the real biographer, encounters "Dutch" Reagan as a young lifeguard, in Hollywood, as an up-and-coming politician. He invents a son and a close friend who also interact with Reagan, further muddying the waters. The device has the merit of evoking a vibrant intimacy with Reagan's early life in small-town Illinois. Morris uses it, though, in decidedly odd ways.



*Visiting Mulroney in 1987: a boast of closeness*

He is obsessed with Reagan's physical presence. At their first (imaginary) encounter on a football field, "the square-cut youth and I briefly exchanged glances . . . his wet sleeve brushed my hand." Later "Morris" watches Reagan the lifeguard on a beach as his bathing suit "steamed in the sun . . . The day was hot and still. Presently he shrugged off the top of his damp suit. The loops fell away . . . " After Reagan as B-movie heartthrob and Reagan as resolute cold warrior, Morris at least gives us something completely different. Reagan as the object of homoerotic obsession.

All is not lost, however. Morris was Reagan's authorized biographer, with

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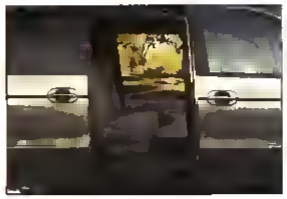
# IT HAS ENOUGH "FIRSTS" IN SPACE TO MAKE NASA JEALOUS.




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by showing them the highly-versatile, all-new Honda Odyssey. Not only is the '99 Odyssey the most spacious front-wheel drive minivan around, it is also the most ingenious. For example, there's the third-row "magic seat™" that folds flat into the floor in seconds. Removable second-row captain's chairs that can also slide



together to form a bench. And to access all of it easily, dual sliding power doors on the EX model, that can be opened or closed by keyless remote. Naturally, travelling in space will require some serious power, too. Which explains why Odyssey comes with a



210-hp V6 engine with 3,500 lbs of towing capacity (accessory Towing and Transmission Cooling Package required), making it the most powerful minivan in North America.

1999 "Best New Van"
Automobile Journalists Association of Canada

All of which brings to mind a couple of other important "firsts". The all-new Odyssey has not only been named 1999

1999 "Canadian Truck of the Year"
Automobile Journalists Association of Canada

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regular access to White House meetings and monthly sessions with the man himself. (Those proved so unenlightening that Morris says he was driven to his unconventional methodology to overcome paralyzing writer's block.) During 14 years of research he has uncovered some fascinating details. Reagan, he writes, tried to join the Communist party in Hollywood in 1938—only to be rejected as a "flake." Morris discovered that Reagan and his first wife, Jane Wyman, had a daughter, Christine, in 1947, who lived for only nine hours (without explanation, he dedicates the book to her memory). And in 1981, Morris claims, Reagan lost more than half his blood after being shot by John Hinckley: "We had no idea how close the president actually came to dying that afternoon."

The world outside the United States is largely absent from this account—with the notable exception of gripping accounts of Reagan's summit meetings with Mikhail Gorbachev in Geneva and Iceland. Two Canadians make minor appearances. Pierre Trudeau, Morris writes, "made no attempt to conceal his contempt for Reagan" at a Group of Seven meeting in Canada in 1981, but later is bullied by Reagan and Margaret Thatcher into going along with deploying nuclear weapons in Europe. And Brian Mulroney turns up at the end boasting to the author that of all the G-7 leaders, "I was the one Ronnie felt closest to."

Morris freely acknowledges Reagan's shortcomings as a man of "encyclopedic ignorance" who remained bizarrely aloof from even those closest to him (failing, for example, to recognize his own son, Michael, at the boy's high-school graduation). In the end, though, the seemingly impossible things that he believed—that government could be rolled back and the Soviet empire dissolved—came to be. Reagan's remarkable life deserves a monumental biography. *Dutch*, unfortunately, is not it.

**Andrew Phillips**


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PETER MIELZYNSKI AGENCIES
20TH ANNIVERSARY

SINCE 19 20TH ANNIVERSARY

# AN ENDURING LEGACY OF LEADERSHIP IN CANADA'S WINE AND SPIRITS INDUSTRY

Back in 1979 Soviet troops invaded Afghanistan, Margaret Thatcher was named first woman Prime Minister in Britain, Three Mile Island happened, Mother Theresa won the Nobel Peace Prize, Joseph Mengele died, Bobby Orr retired and Ayatolleh Khomeini began the Iranian revolution. And that same year, Peter Mielzynski left his position as President of McGuiness Distillers to start his own company—an independent family run company that in a few short years was to become one of Canada's foremost purveyors of fine wines and spirits.

With his long time friend and business associate George Lubienski, Peter Mielzynski opened a small office in Windermere Court in West Toronto and hung up his first corporate sign: Peter Mielzynski Agencies Ltd., featuring his family's centuries-old coat of arms. Today, that coat of arms still features prominently as part of the Company's logo while Peter Mielzynski and George Lubienski are still actively involved with the Company as Chairman and Senior Consultant respectively. A third co-founder, German industrialist, Emil Underberg, still maintains a shareholding in the Company and the Company continues to represent the Underberg group of brands as part of its corporate portfolio.

From that small Windermere Court office, Peter Mielzynski Agencies has grown to become an industry leader with offices from coast to coast and representatives in virtually every major Canadian community.

When he started his Company Peter Mielzynski already had 25 years of experience in the beverage alcohol industry and understood its sometimes volatile state with brands changing ownership without warning. At McGuiness Distillers, Mielzynski became particularly interested in imported international brands. Selection across Canada at the time was minimal. After making brands like Yago, Blue Nun, Jack Daniels and Schröder and Schyler household names, he saw the potential of expanding an imported portfolio of brands to Canadians. Right from the beginning both he and George Lubienski travelled the European wine and spirit capitals with invitations to brand owners to maximize their sales in Canada by building their brand images. Growing quickly to a nationwide network in Canada, Peter Mielzynski Agencies, the new

—Continued on page 2



*The PMA Management Team today. (L. to R.) Tony Lee Chin, Marketing Manager; Peter D. Mielzynski Jr., President and C.E.O.; John Swan, Sales Manager and (seated) Peter G. Mielzynski, Chairman with Agent of the Year honour from the LCBO.*

## LCBO HONOURS PETER MIELZYNSKI AGENCIES AS "AGENT OF THE YEAR"

Peter Mielzynski Agencies was selected as Agent of the Year in the Liquor Control Board of Ontario's annual Elsie Awards presentation held in Toronto. The Agency capped this prestigious honour with three other awards including Best Niche Marketing, Best New Product Launch and the Partnership Award for Spirits.

Working closely and in partnership with LCBO wine and spirit initiatives, the Company has helped to advance the wine and spirit shopping experience for consumers by introducing new brands and concentrating specific activities towards various ethnic groups thus placing themselves in the forefront of ethnic marketing in Ontario as well as other provinces.

Launching a new scotch in a saturated market is difficult at best, yet the Mielzynski team in tandem with their advertising agency, Samothe & Associates, successfully launched what has been heralded as the "most exciting new whisky in decades"—The Gordon Highlanders Scotch Whisky. The whisky was rolled out through LCBO outlets and subsequently across the country in a similar manner.

"...of the finest wines and spirits. ...the LCBO is truly blessed to have partners Their careful attention to detail and peerless devotion to their brands have helped them build an excellent, well rounded portfolio of fine wines and spirits - one that does credit to the companies they represent and is greatly valued by many of their customers."

Andrew S. Brandt
Chair and CEO
Liquor Control Board of Ontario

"This is a company committed to hard work. Never would I have let down by them on customer service. They put the time and effort to make it happen where it counts - on the ground in the retail stores."

Orin Tessler
Manitoba Liquor Commission

"...we are pleased to have had a close relationship with the PMA from its inception. As the company has grown and expanded, they have managed a tricky situation while retaining the integrity, knowledge, personal and personal approach usually associated only with a family operation."

Newfoundland Liquor Corporation

industry upstart, was soon attracting the interest of major international wine and spirits producers

The Company's first hire outside Ontario was Audrey Michaleski in Winnipeg in 1980. She fondly recalls those early years when international names like Glenfiddich, Donnu, St Remy, Noilly Prat, Melini Chianti, Wyborowa and Underberg began showing up in Manitoba liquor stores.

"Peter and George were constantly sending product information, production data, vintage reports, tasting notes, food pairing suggestions, recipes, mixability advice and European news from their trips - anything to help us understand our products better. As we grew we all had to learn fast. Peter and George were always ready with more and more information", she recalls.

Audrey is just one example of the many long term employees that have helped build the agency. Average employee length of service is 9½ years! Audrey today heads up the Winnipeg office, serving all of Manitoba.

Over the years Peter Mielzynski Agencies has pioneered the growth of and interest in Canadian wines and viniculture. From his early days working with Kelona Wines in British Columbia to later spearheading the growth within the Ontario Liquor Board system of Hillebrand Estates Winery in Ontario's Niagara-on-the-Lake wine area, Peter Mielzynski personally took a leadership role in the promotion of Ontario's Niagara area wines. He took particular interest in the Niagara wine growers who at the time were struggling for recognition in the wine world. He, in fact, wrote the first ever "contracts" for Niagara wine growers guaranteeing 10 years of crop purchases, thereby significantly strengthening the reputation of the area as world class.

Under his direction, Hillebrand Estates was one of the first Canadian wineries to develop Icewine (the first to bring Icewine to market) which has subsequently become known to wine lovers around the world as "the pride of Canada". With group seminars, tastings, one-on-one instruction and bi-monthly newsletters he began to teach Canada about the magnificence of wines produced right here in this country.

Education has always been of paramount importance to Peter Mielzynski Agencies. From their beginning, they have always worked towards increasing the amount of wine and spirit education available for consumers, licencee service staff and liquor store personnel across the country. They began with innovative seminars and teaching aids then added one-on-one learning experiences with visiting European wine makers and spirit producers. As a result, Peter Mielzynski Agencies' staff has long held the reputation of being among the most knowledgeable staff in the industry.



*Peter Mielzynski (left) and George Lubretski open the new Peter Mielzynski Agency in the Fall of 1979*



*President Peter D. Mielzynski with his Western Canada management Bernard Pearson, Alberta Sales Manager and Penny Wright, British Columbia Sales Manager*

Peter Mielzynski today speaks of his continuing desire to "give something back to Canada", as one of his main work ethic motivations. He helped promote Canada abroad by creating the popular CN Tower Whisky for McGuinness Distillenes. That whisky and its uniquely shaped bottle immediately became a tourist favourite as a remembrance of their visit to Canada. He promoted Canadian art and culture by using a famous Krieghoff painting as the label inspiration for Old Canada Canadian Whisky. He later initiated a wine branded as Etienne Brulé, commemorating the explorer contemporary of Samuel de Champlain for Canada's Bi-Centennial celebrations. He was also involved in developing Hillebrand Wines Collector's Choice Series featuring wines with labels incorporating Canada's famous Group of Seven paintings.

Over the past 20 years Peter Mielzynski Agencies has built numerous international brands to national prominence in Canada. Martini and Rossi, Appleton Jamaica Rums, Wyborowa Vodka, Bergkelder Wines of South Africa, Gruppo Italiano Vini Wines, Giraud Bordeaux Wines, St. Remy Brandy and Mount Gay Rum are just a few. Grant's and Glenfiddich have become household names under the Agencies' direction. In fact, Grant's Family Reserve Scotch Whisky, virtually unknown prior to Peter Mielzynski Agencies' involvement has grown to become one of Canada's largest selling blended scotch whiskies. And Grant's sister brand, Glenfiddich, has grown to become the undisputed leader in the malt whisky category across Canada under the Company's direction and marketing.

In 1982 Peter Mielzynski's son, Peter Jr. joined the Company as a sales representative in Alberta. In 1985 he moved to Toronto as National Brand Manager for Martini and Rossi products. He was appointed Vice President of Peter Mielzynski Agencies in 1990 and took over as President and CEO in 1994.

Today with a staff of 50 across Canada and headquartered on Ridgeway Drive in Mississauga, just west of Toronto, Peter Mielzynski Agencies represents many of the best known international brands in the world. Using up-to-the-minute tracking and supply technology, on-going staff training and innovative marketing techniques as cornerstones, the Company has truly embodied its mission of service excellence and as a result has been recognized by clients, employees, suppliers and competitors as an undisputed industry leader.

With preparations for Millennium celebrations on behalf of their brands in high gear, President Peter Mielzynski Jr., eagerly looks forward to offering Canadians the very best of the wine and spirits world well into the new Millennium. And while promoting his Company's underpinning values of being proactive, professional, ethical, team oriented, innovative, accountable and committed, he coyly notes that Peter Mielzynski Agencies will embark on its twenty-first year when the whole world embarks on its twenty-first century.



*"There is only one thing that makes PMA different and that is their passionate commitment to the brands that have been entrusted to them. They really want to create success for brand-owners, in every single store and every licencee account in Canada. The enthusiasm runs like an electrical charge through the whole organization, and has never looked like flagging. The results they have achieved with the Grant's, Glenfiddich, Appleton's Rum and many other brands are outstanding, and the direct result of this irresistible, focused energy."*

Tony Hunt
Managing Director
William Grant & Sons Ltd.

## THE EVOLUTION OF LEADERSHIP

Canadian wines and spirits marketing has undergone tremendous changes in the past 20 years. From brown paper wrapped over-the-counter sales to self-serve megastores - from a library-like mentality to in-store profit centre display schemes.. from a self-contained wing of provincial government to selective privatization of distribution in B.C. and Alberta, changes to the wine and spirits industry in Canada continue to evolve. It takes special people, organized with special talents to take the lead in expanding choice for all consumers across the country. Today that means working in over 1,600 stores and untold thousands of licenced restaurants and bars across Canada. And it takes even more.

The popularity of cross border shopping has opened new opportunities for consumers to try new products at Duty Free outlets located in all land border crossings between Canada and the USA. Once again, as they have with domestic distribution, Peter Mielzynski Agencies has taken a leadership role with an aggressive Duty Free Division dedicated to servicing and educating operators across Canada about the Company's portfolio of brands.



As a member of the Frontier Duty Free Association, Peter Mielzynski Agencies has been a strong voice for expanded choice and increased product education for Duty Free shoppers.

*Effort has its own rewards.*

*Congratulations to Peter Mielzynski Agencies Ltd. on your 20th Anniversary and best wishes for many years of continued success*

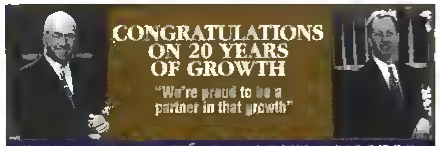
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leader in the wines and spirits industry

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**Guntrum** *Nierstein, Germany*
**Robert Giraud** *Bordeaux France*
**Charton & Trebuchet** *Burgundy France*
**The Bergkelder** *Capetown South Africa*
**Noilly Prat** *Marsaittes, France*
**Val d'Orbieu** *Languedoc France*
**Osborne & Cie** *Riojo, Spain*
**Caves Messias** *Portugal*
**Offley Forrester** *Oporto, Portugal*
**Osborne Portugal** *Oporto, Portugal*
**Union Champagne** *Champagne, France*
**Ganeia** *Asti, Italy*
**Buena Vista** *Carneros, California*
**Casa Lapostolle** *Chile*
**Chateau De Sancerre** *Loire France*
**Schlumberger** *Vienna Austria*
**Hopler Cellars** *–Austria*
**Kupferberg Cellars** *Mainz, Germany*
**Arco** *Spain*
**Candido** *Pulgia Italy*
**Vins et Vignobles** *Bordeaux, France*
**Villa Maria Estate** *New Zealand*

### SPIRITS

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**J. Wray & Nephew** *Jamaica*
**Marnier-Lapostolle** *France*
**Underberg** *Germany*
**Agros** *Poland*
**Racke International** *Germany*
**Calvados Boulard** *France*
**Osborne & Duff Gordon** *Spain*
**Dupuy** *France*
**Dolfi** *France*
**Muhawk** *Korea*
**Zwack** *Hungary*
**Distillers Corporation** *South African*
**Campari International** *Italy*
**Schloss Kirsch** *Austria*
**Channel Islands Ltd.** *U.K.*
**London Gin Company** *U.K.*
**Indústrias Muller De Bebidas Ltda** *Brazil*
**White Rock Distillers** *U.S.A.*
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### PARTNERS IN LEADERSHIP

Peter Mielzynski Agencies is proud to have the following companies as shareholders in their success

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William Grant & Sons Ltd

William Grant & Sons is a rarity – an independent business, still owned and managed by the Scottish family who first built the distillery in 1887 Not being answerable to the stock-exchange "at our distilleries the craftsman and not the accountant always has the last word" is the Grant family motto

Founded in 1825, J Wray and Nephew Ltd. is Jamaica's oldest company Products include the flagship brand Appleton Jamaica Rum, along with Coruba Jamaica Rum and Wray and Nephew White Overproof Rum brands Appleton Jamaica Rum is Canada's leading imported Gold Rum

Underberg

Invented more than 150 years ago, Underberg was first presented at world exhibitions during the mid nineteenth century For over 50 years now Underberg has exclusively been available in distinct 20ml single-portion bottles and is now distributed worldwide in more than 100 countries.

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# Peter C. Newman

## If airlines may merge, why not banks?

**There's a raging** inconsistency in Ottawa's mishandling of its airline policy. By temporarily suspending its anti-monopoly regulations and allowing Gerry Schwartz to take a run at merging the country's two major airlines, Ottawa sent out an unmistakable signal. In the globalized economy, it's in the national interest to allow essential businesses to grow larger and stronger

That's always a risky policy option, but what's really troubling is Ottawa's inconsistency Only 10 months ago, the Chrétien government decisively turned down two merger applications from four of our Big Five banks. The banks' objective was to become world players in an industry where only giants need apply When countries are only 21 of the 50 largest economic entities—and the balance are multinational corporations—there's no other way to compete

In retrospect, Paul Martin's decision to condemn our banks to secondary status among international financial institutions makes less and less sense The comparison that leaps to mind is the Diefenbaker government's fateful 1959 killing of the Avro Arrow, the superb delta-winged jet that had no rivals. The brutal impact of that retreat from world-class competition was the abrupt layoff of 14,000 of Canada's best technicians and scientists Many found their way to Cape Canaveral, where they played key roles in another country's quest for greatness, helping the Americans reach the moon

Both edicts sentenced Canada to being an impotent spectator instead of an active player in key 21st-century industries. The parallel is real Global banking isn't just about bulging balance sheets. It's also about technology and research—establishing instant communication links, devising e-cash accounting programs and new ways of handling currency swaps that now total $1·9 trillion per day

Martin's decision to limit the size of Canadian financial institutions runs counter to what's been happening not only in the United States, but in Europe and other continents. The most direct approach was that of the governments of Singapore and Malaysia, where each government called in the CEOs of its largest banks and ordered them to amalgamate As well as a continuing wave of mergers in the United States, Italy and Belgium, two of the largest banks in Spain, Banco Santander and Banco Central Hispanoamericano, recently married, as did Switzerland's second- and third-largest banks, forming UBS AG In France, Banque Nationale de Paris and Paribas, two of the country's three largest financial institutions, have joined hands.

The most unexpected development is the decision by Germany's largest (Deutsche) and third-largest (Dresdner) banks—both of which date back to Bismarck's days—to marry their retail operations as a prelude to full amalgamation The changed attitude of that country's notoriously cautious bankers was best expressed by Dresdner CEO Bernhard Walter, who declared "The only option we don't have is to do nothing." Approval of the move by the German government meant a quantum leap in that country's concentration of corporate power Unlike North American banks, Germany's large banks hold big blocks of shares in domestic industrial giants and openly influence corporate decision-making The Deutsche Bank, for example, holds industrial assets worth more than $23 billion, including a 12-per-cent stake in DaimlerChrysler Even more dramatic has been the coming together in Japan of the Fuji Bank, the Daiichi Kangyo Bank and the Industrial Bank of Japan to create a behemoth that will be the world's largest banking alliance with $1 87 trillion in assets. In approving the merger, the Japanese government declared that it was the only way to avoid further encroachment by foreign financial groups into the country's domestic banking system

**That, of course**, was precisely the point at the heart of the push by the four Canadian banks to form two larger entities. As Charles Baillie, chairman of the Toronto Dominion Bank, put it recently in: "We have to get scale With national borders breaking down, to be a major factor in Canada, you have to become a major factor in North America."

John Cleghorn, the Royal Bank's CEO and chief architect of the other failed merger initiative, goes even further. He maintains that unless Canada's banks are allowed to join in the consolidations that are sweeping the industry, they will become progressively weaker franchises, leaving Canada an easy mark for larger foreign financial institutions "Canada," he says, "has to determine if it wants to have financial service players that are world leaders What we're really in is a financial services war, and the large banks are likely to win that game because of the huge investments required."

One banker who isn't suffering because of the aborted Canadian mergers is Matthew Barrett, the former chairman of the Bank of Montreal that was supposed to become part of the Royal Bank. As the new head of Barclays Bank PLC, the second-largest bank in Britain, he is being paid $5 9 million in his first year—plus stock options that could be worth $8.2 million in three years—on top of his $1-million annual pension from the Montreal, which also awarded him options worth more than $25 million.

So don't cry for the bankers Just shake your head about Ottawa, yet again, standing in the way of allowing this country to join the 21st century.

# Lobster Wars

## Year-round fishing rights for aboriginals set off an angry confrontation in Atlantic Canada

By John DeMont



**Department of** fisheries and oceans officers were waiting as the crew of My Best Yet, an 11-m lobster boat, climbed onto the wharf in Yarmouth, N.S., one afternoon last week. Within minutes, the situation turned ugly. The authorities left the full-blooded Mi'kmaq who owned the boat alone. But when a burley DFO officer put handcuffs on Jamie Muise, charging the slim 27-year-old Métis with catching lobster out of season, a crowd of friends and family shouted insults and threatened the officer with personal retribution. Shaking a big fist, another crew member—a non-native—warned a DFO officer he would attack anyone who tried to handcuff him. Eventually, he went quietly. Moments later, James Muise, Jamie's father, pocketed an arrest notice ordering him to join the other two in court on Oct. 26—and vowed to be back on the water, fishing, the following day. "This is harassment—a show to try to quiet them down," he yelled, gesturing at a group of non-native fishermen who stood watching the small drama from the Yarmouth waterfront. "You watch—there'll be blood shed before the whole thing is done."

In fishing communities throughout Atlantic Canada last week, confusion, anger and fear reigned in the wake of a Sept. 17 Supreme Court of Canada ruling that gave natives year-round fishing rights. And the only real question in the deepening feud seemed to be: would it become more than a war of words? Hundreds of angry non-native fishermen gave the department of fisheries and oceans an ultimatum: start hauling up, by Oct. 4, the thousands of traps set by natives since the Supreme Court decision—or they would do it themselves. That threat spurred federal Fisheries Minister Herb Dhaliwal to seek a peaceful way out of the impasse by asking natives and non-natives to sit down and negotiate a short-term settlement before working out a new fisheries framework. In the meantime, fisheries department officers were ordered to try to cool tensions by cracking down on any one other than status Mi'kmaqs found lobster fishing. By week's end, the crew members of My Best Yet were the only arrests.

Even Donald Marshall Jr., the man whose court victory triggered the standoff, jumped into the fray, trying to convince Mi'kmaq fishermen to pull up their pots and stay off the water until the dispute was resolved. "We've waited this long," he said on a radio talk show. "I think we could wait a little longer." After meeting in Fredericton, Mi'kmaq chiefs told their tribal members to keep fishing anyway. But Lawrence Paul, chairman of the Assembly of Nova Scotia Mi'kmaq Chiefs, told *Maclean's TV* that natives are "flexible and willing to sit down and negotiate some sort of interim agreement," leading to a long-term agreement. One short-term option, according to Paul: a 30-day moratorium in the lobster fishery.

The Marshall case had its beginnings in 1993 when the Mi'kmaq man, already a household name for spending 11 years in prison after being wrongfully convicted of murder, was charged with three federal fishery offences after he and a friend caught and sold 210 kg of eels. His lawyers argued that a treaty signed between the Mi'kmaq and King George II in 1760 gave him the right to catch and sell fish without government intervention. The Nova Scotia provincial court, and later the provincial Court of Appeal, ruled against him. But in a judgment issued on Sept. 17, the Supreme Court overturned his conviction. In a 5 to 2 ruling, the court found that Mi'kmaq, as well as members of the Maliseet First Nation and the Passamaquody First Nation, both of New Brunswick, have the right to hunt, fish and gather year-round and without licences. The decision restricted them in just one way: they could only earn a "moderate livelihood" from the activities, for the purpose of "day-to-day" needs.

Other controversies involving aboriginal rights also continue to simmer in the region. Later this month, the Nova Scotia Supreme Court will begin hearing native arguments that the provincial government needed to consult them before granting the developers of the Sable Island natural gas project the right to run a pipeline through provincial Crown lands. And the issue of native logging on Crown lands remains contentious, not only in New Brunswick but also in Nova Scotia. In a case currently before the Federal Court of Canada, involving 35 Mi'kmaq woodsmen on trial for illegally cutting timber on Crown lands, the defence contends that natives have control over Nova Scotia's lands, as well as the waters in and around the province. To buttress this argument, they are using a legal principle known as "aboriginal title"—in effect saying that even though the Mi'kmaq were dispossessed by British settlers in the 1700s, they never surrendered their original rights to the lands and waters. "If the court finds in our favour, we could make a claim for royalties in all resource sectors," stresses Mi'kmaq negotiator Bernd Christmas, a lawyer. "It could also cast into doubt land grants made by the government to third-party interests like homeowners and businesses."



Andrew Vaughan/CP

*Non-natives meeting in Yarmouth, native fishermen heading to sea (opposite), concerns over violence*

For now, the lobster fishery remains the main battleground. In a normal year, fishermen working the lobster-rich areas between Nova Scotia and New Brunswick—where the industry is worth as much as $40 million annually—can expect to take home more than $60,000 a year from just four months on the water. "You don't have to be a genius to make a good living doing this," admits Cameron Davis, 44, a Yarmouth lobster fisherman. The approximately 3,000 people who hold licences in the Bay of Fundy region zealously guard their lucrative, close-knit industry, but Mi'kmaq leaders contend fewer than 100 band members are now involved in the lobster fishery. Non-native fishermen, though, say the figure is far higher. They also claim that non-natives are trying to pass themselves off as aboriginals to get access to the fishery—and that everyone on the water is greedily pulling in whatever they can catch without thought of conserving stocks. "It's a free-for-all out there," says Donald Cunningham, president of the West Nova Fisherman's Coalition, which represents about 250 fishermen in the Yarmouth area.

The roots of the tension between natives and non-natives working the lobster grounds go back to 1990, and a Supreme Court of Canada decision that guaranteed West Coast aboriginals the right to fish year-round for "ceremonial and sustenance" purposes. From that ruling sprang the DFO's Aboriginal Fishing Strategy, which decreed that natives in Nova Scotia involved in the so-called food fishery were allowed to set six lobster traps year-round, compared with as many as 400 for commercial fishermen during their roughly five-month season. But almost from the start, Nova Scotia's non-native lobstermen, who are legally limited to a November-June harvesting season, complained that Indian fishermen have been overfishing.

Occasionally, the bad blood boiled over between the two sides and lobster boats were burned and gear damaged. Now, in the aftermath of the Marshall decision, the threat of violence again hangs in the air in places like Yarmouth and Baie-Sainte-Anne where native fishing is said to be greatest. At week's end, native groups, happy that the federal minister seemed to have confirmed their right to fish year-round, reaffirmed their willingness to negotiate. Many non-native fishermen, who hoped for more from Dhaliwal, were asking him to consider tougher measures. But some continued to talk about pulling up native traps—or perhaps putting their own boats in the water nearly two months before their season begins. "There is so much anger," says John Bartlett, 28, a Mi'kmaq who has been fishing intermittently for lobster since the native food fishery began in 1990. And, so far, no real solution in sight. M

# Running out of steam

## Lucien Bouchard still makes waves, but sovereignty has fallen on hard times

**By Brenda Branswell**



*The premier facing critical contract negotiations and disillusioned sovereigntists*

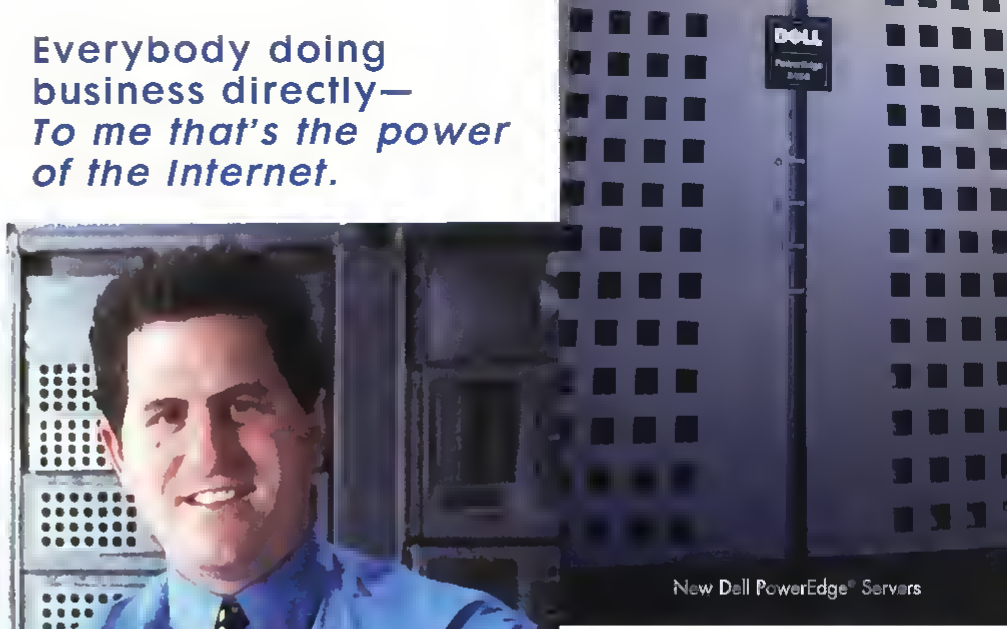
**When Quebec** Premier Lucien Bouchard addresses a high-profile conference this week, his appearance is bound to create a buzz. For starters, the international gathering, beginning on Oct. 5, is all about federalism. It's also Ottawa's initiative—staged on Bouchard's home turf at a Mont Tremblant hotel north of Montreal. During the four-day conference, 600 policymakers, political and business types will ponder the management of federal systems of government. They will also hear from Prime Minister Jean Chrétien and scheduled keynote speakers U.S. President Bill Clinton and Mexican President Ernesto Zedillo. Bouchard's role will be to introduce former Belgian prime minister Jean-Luc Dehaene, who will speak at a banquet. And according to event organizers, Bouchard served notice he doesn't want to wash Canada's dirty laundry in public. Still, said one official, "we certainly haven't vetted his speech or given him a set of guidelines in terms of what he can talk about—so we'll be waiting with bated breath."

Given how touchy the issue of Canadian unity is, that concern is understandable. Late last week, the Quebec premier gave federal officials something else to worry about—a request for a personal meeting with Clinton when the U.S. President comes to Quebec. But how much Bouchard chooses to press the issue of Quebec independence is open to question. At the moment, sovereignty is not exactly a burning issue faced with bleak poll numbers, among other political headaches, Bouchard recently carved himself more latitude on the independence question, refusing to commit himself to another sovereignty referendum within his current mandate, which runs to 2003. Where he once spoke of wanting Quebec to be sovereign by 2001, Bouchard is now more vague. "In due time, with the right conditions, we'll hold a referendum," he declared late last month.

A pragmatic politician, Bouchard can't ignore voter apathy. Once a sizzling topic, the independence question appears to have become a crashing bore. "Sovereignty kills ratings," laughs Jean Lapierre, host of a popular Montreal radio phone-in show and a former Liberal and Bloc Québécois MP. "Every time we try to raise it on the air it's awful." He attributes the disinterest to constitutional fatigue and the fact that people can't ask themselves "an existential question every six months." Others suggest time may not be on Bouchard's side. The most propitious moment for referendums is usually early in a mandate, says Alain Gagnon, director of McGill University's Quebec studies program. "When you govern," he adds, "you hurt yourself."

Bouchard's Parti Québecois is feeling


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André Clermont/Gamelin Le Pouvoir

*Angry demonstrators at a PQ meeting a need for fresh, persuasive arguments*

## The current lull may prove to be just a temporary respite in the country's ongoing unity debate

the pain. With the party approaching the second year of its second mandate, a recent Léger & Léger poll showed support for sovereignty at 41.4 per cent—the lowest in years—while the government's satisfaction level had slipped to 42.8 per cent from 48.7 in June. At the party's recent meeting in Drummondville, delegates were reminded of the ongoing and difficult negotiations with the province's public-sector unions as 600 angry public-sector workers protested outside, some chanting "last term, last term." And last week, 1,200 boisterous demonstrators, including welfare recipients, marched to Bouchard's Montreal office to protest the limited budget of Emploi-Québec, the province's job training agency.

Emploi-Québec's problems have become a huge embarrassment for the PQ. For decades, successive Quebec governments clamoured for full control over manpower training, which Ottawa finally signed over to the province in 1997. But last year, the nascent Quebec agency exceeded its budget by $80 million. Halfway through the current fiscal year, Emploi-Québec has already spent three-quarters of its budget. "This government is not able to manage a program of $738 million," charges Liberal MNA Pierre Marsan, the party's employment critic, "and they pretend that they want to manage a country."

Guy Milot has witnessed the shifting fortunes of the sovereignty movement. A self-described unconditional *indépendantiste*, the 70-year-old Montreal retiree bolted from the PQ in 1985 when he felt former premier Pierre Marc Johnson went soft on sovereignty. Although sometimes critical of Bouchard's handling of the issue, like other Péquistes he concedes conditions are far from ripe for another vote. "I think it would be idiotic to hold a referendum too soon and lose a third one," says Milot. His views are clearly shared by others—for now, Bouchard doesn't face overtly restive party members. But many, like Henri Laberge, 61, a retired union worker from Stoneham, Que., express frustration. "I often have the impression that the government and the Parti Québécois don't do all that's necessary to promote the cause," observes Laberge.

But how to promote sovereignty remains a matter of opinion. Over the past year, Bouchard and other PQ ministers have used the tried and true approach: attacking Ottawa and playing up the need to protect the French language. But some observers contend sovereigntists need a new game plan. "The old arguments apply less and less," maintains Jean-Herman Guay, a political science professor at the Université de Sherbrooke. Guay says Quebecers no longer feel threatened linguistically, and are growing tired of sovereigntists heaping blame on the federal government. The old arguments don't resonate with younger Quebecers, he maintains, the movement needs to align itself with new themes because sovereignty on its own isn't sufficient to rally people. "That's why, in the era of René Lévesque, it was also associated with the nationalization of hydroelectricity and the growth of the state," Guay points out. Others see it differently. "I think they've thought of all the arguments in the past 30 years," contends Lapierre. "You don't reinvent the wheel. Either you decide you want Quebec to be a country and then you take the risks or you don't. After all the calculations, it's a leap of faith—and people are not ready to make it."

They will, however, have to endure a continuing debate. Independence will likely dominate the Bloc Québécois policy convention in January and the PQ's convention next May. Sovereigntists point out that the Yes side lagged behind in the polls prior to the 1995 referendum—and then came within a whisker of winning. "In politics, six months is very long," argues PQ MNA François Beaulne, who believes pro-sovereignty sentiments may yet be revived with an improving economy. Quebec Liberals don't discount a referendum either. In the end, the current lull may prove to be just a respite. m



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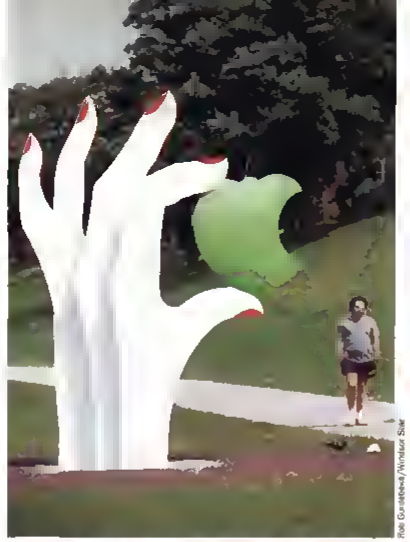
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# Splendour in the grass

## Windsor revitalizes its riverfront with parklands, playgrounds and sculptures

**By Shanda Deziel**



Rob Gunstone/Windsor Star

*Along the Detroit River, local support has been high*

**Barb Cunningham** always enjoyed the view of the Detroit skyline from her office at the University of Windsor. These days, though, the now-retired secretary's attention is drawn more to the varied scenery offered by her morning walks on Windsor's recently revitalized riverfront. In the sculpture park, just east of the Ambassador Bridge, she stops at a bronze casting of two men wearing caps, goggles and swim trunks. "This is my favourite," says Cunningham. "It is called *Flying Men*—I think they are acrobats." And for Cunningham, as well as many other Windsor residents, the sculptures, paved walkways, flower gardens and children's playgrounds—not to mention Windsor's other elaborate plans for a marina, fountain, ice rink and wildflower garden on the shore of the Detroit River—will ensure that "our side" will never look like "theirs."

There is more than a little cross-border chauvinism involved with Windsor's revitalization. Despite the city's lunchbox image—the Big Three automakers are among the largest local employers—Windsorites have always felt superior to Detroit. A boost came with the city's casino, which opened in 1994 and has brought 5,200 jobs and $12.6 million in annual revenue to the city. It also attracts nearly 15,000 Americans daily—although the Detroit casino, which opened this July, is slowly starting to cut into those numbers. And now, for the moment at least, Windsor will have a more beautiful shoreline.

The Detroit side is much grittier—concrete columns and gravel mounds line the waterfront, streets are barren and buildings decrepit. Tiger Stadium, which hosted its final game last week, can barely be seen through the smog. The Renaissance Center—a cluster of glass towers—and an outdoor plaza are the only significant outcome of the city's attempt at riverfront revitalization more than 20 years ago, although more casinos, hotels and parkland are planned.

Windsor, meanwhile, has secured five uninterrupted kilometres of riverfront for its elaborate beautification plan. The seeds of the parkland project stretch back to 1937, when the Windsor Local Council of Women brought forward the idea of a continuous park from the Ambassador Bridge to the Hiram Walker plant. At the time, most of the land belonged to the Canadian National Railway Co.; it was not until 1963 that Windsor city council resolved to buy any lands that became available, with the ultimate goal being a completely publicly owned waterfront.

That has now come to pass. And the riverfront revitalization coincides with a general upswing in Windsor. About a decade ago, the city's economy was reeling from a downturn in the auto industry and the effects of cross-border shopping. Now, with the dollar down, more Windsorites are shopping at home. Crime is down 14 per cent from last year. City building permits are up 30 per cent. And with help from the casino and a resurgent auto industry, unemployment currently stands at six per cent in a city that has known rates as high as 16 per cent.

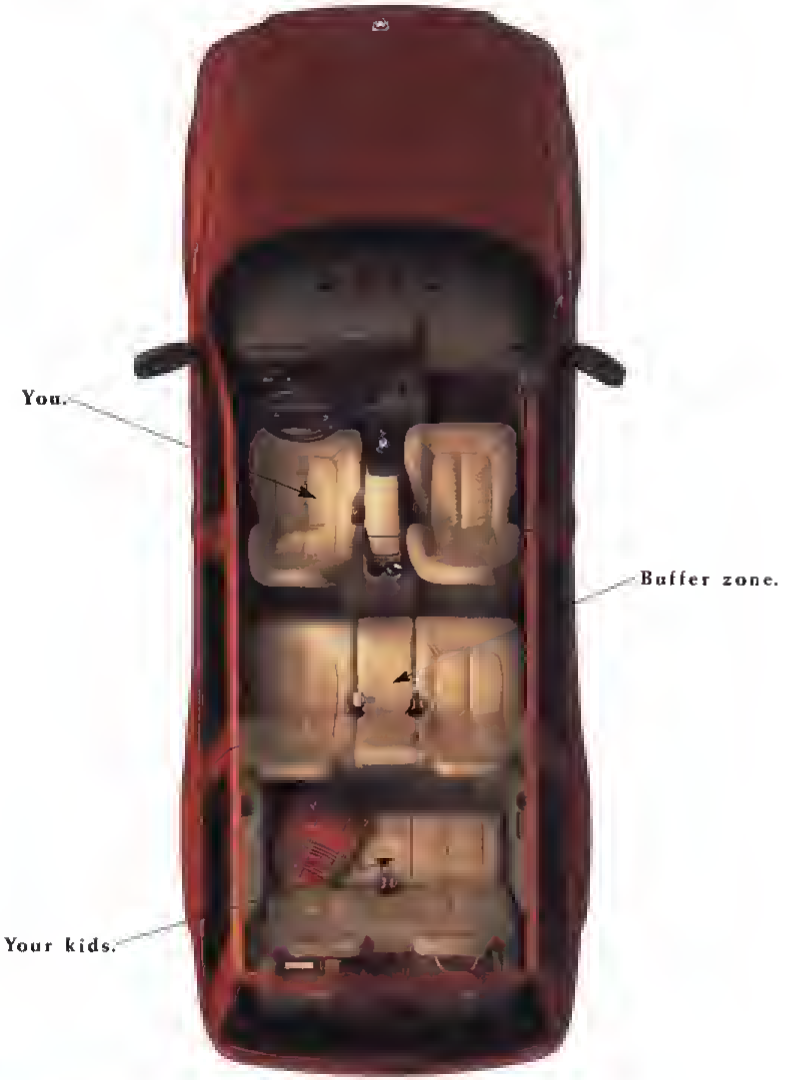
But while support for a waterfront revitalization project has been high, some Windsorites have found reasons to grumble. Bob Harper, a salesman who moved from London, Ont., to Windsor 20 years ago, is among many residents bothered by another local success story: the scores of strip clubs and bars attracting young Americans who cannot drink in Michigan because that state's legal drinking age is 21. He feels the waterfront property should have been commercially developed with water-slide parks, aquariums and other family attractions.

That, Harper adds, would have brought in a different kind of visitor. "Parks are pretty, but they are not what we need," he says. "The downtown is in decline, it needs commercial attractions for tourists and families. People don't fly into Windsor to see a stretch of grass." Nonsense, says Mike Hurst, the city's mayor. The parkland project, he explains, was "an opportunity that we could not let pass by. The casino is for tourists and the riverfront is for Windsorites." Judging from the number of local residents already taking advantage of the waterside attraction, he just may be right. ■




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## The bedroom rapist case

Police in Toronto charged 21-year-old Eli Stewart Nicholas with two counts of sexual assault and two of breaking and entering in the case of the so-called bedroom rapist. Since June 2, residents in a northeastern part of the city have been terrorized by a series of 12 break-ins, eight of them involving sexual assault.

## No to the United Alternative

More than 95 per cent of Progressive Conservative party members attending their national general meeting in Toronto voted to run candidates in all 301 federal ridings in the next election. The move put an end to hopes for a United Alternative of both Tories and Reformers, which would have seen the two parties co-operate at the riding level. Leader Joe Clark called on Reformers to join him in a rejuvenated Conservative party.

## 'Reasonable grounds'

Police in Vancouver continued to investigate the case of Kaya Hama-Werbes, the 18-month-old baby who survived a 47-m fall from the Capilano Suspension Bridge on Sept. 22. In their warrant to search the home of the child's mother, Nadia Hama, police said there were "reasonable grounds" to suspect she had thrown Kaya, who suffers from Down's syndrome, from the bridge. Hama, who is estranged from her husband, Kjeld Werbes, said, "I just feel I was not treated fairly." But she added: "You know, I really don't care what people think."

## Good news for the Expos

The Montreal Expos finished the 1999 season on an upbeat note. Despite a woeful record on the field, the perennially cash-strapped team has restructured its ownership and finalized plans for a downtown stadium to enable the 30-year-old franchise to stay in Montreal. Team president Jacques Ménard, who is also chairman of Hydro Quebec, says the new consortium will be led by New York City art dealer and investor Jeffrey Loria—if the deal is approved by major-league baseball. "Hopefully, it will all get done by Oct. 30," Ménard said last week.

# A break in a long-unsolved murder case



John Lappa/The Sudbury Star



Tracey Sa

*At the graveyard, Keenan (left) ending the mystery?*

**Authorities** descended on a graveyard in Sudbury, Ont., to exhume the body of a man police say may be Dennis Melvyn Howe, the prime suspect in the sex murder of nine-year-old Sharin' Morningstar Keenan in 1983. Police believe Howe, whose fingerprints were found in the tented room where the child's body was found in a refrigerator, lived in Sudbury under the name Peter Sanderson and died of cancer in 1988—although they caution that there were differences between the two men.

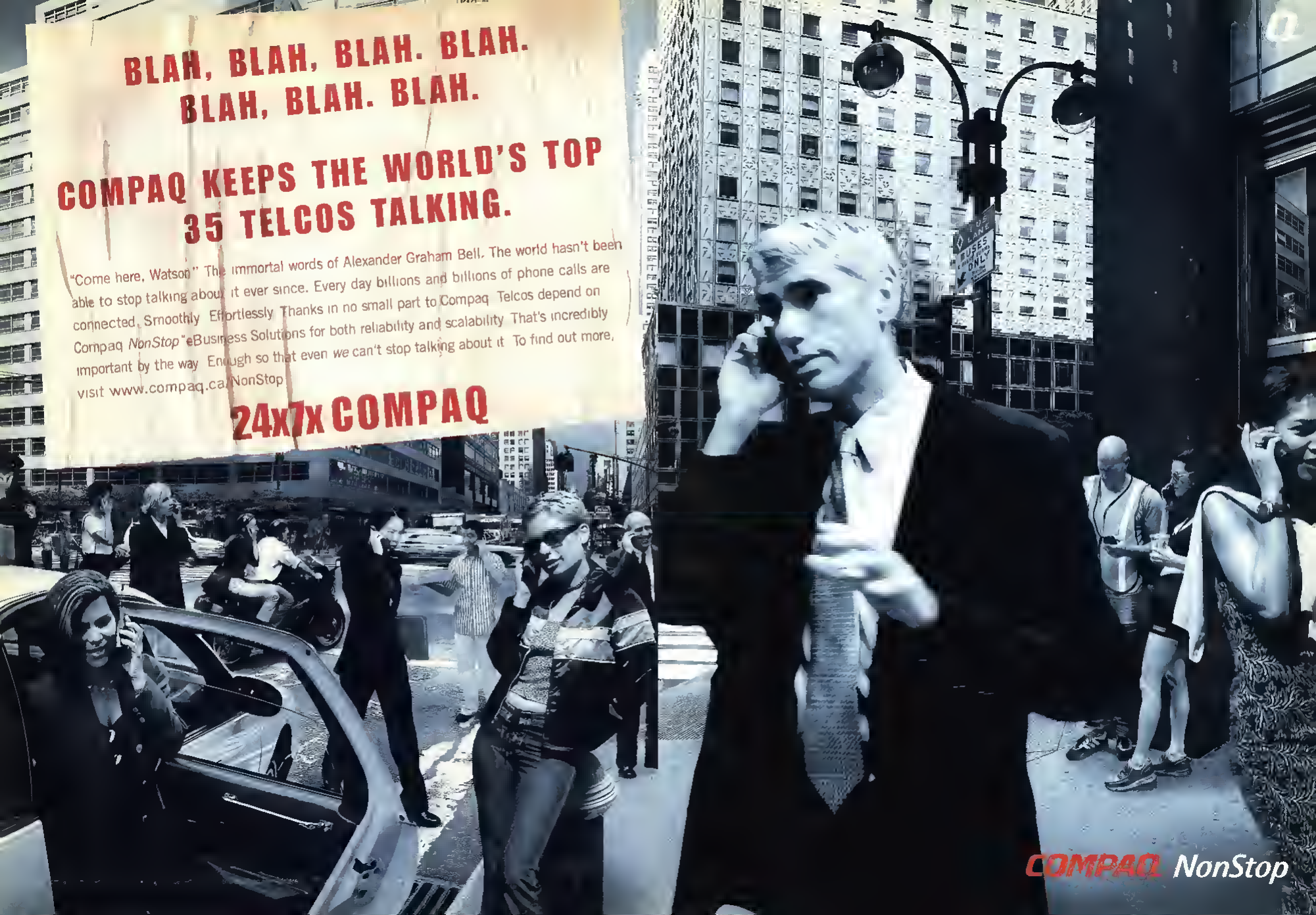
The possibility that the man may have been Howe first emerged in 1997 when the real Peter Sanderson applied for benefits after heart surgery in Winnipeg and was told by Employment and Immigration that he was dead. Sanderson, who said his wallet and identification had been stolen, was able to prove his identity through fingerprints. Police then began investigating, discovering among other things that the man calling himself Sanderson had worked for a Sudbury construction company from mid-1987 to early 1988. Handwriting samples from time cards filled out by the man during that period are now being compared with samples of Howe's writing, found in the room where the body of Keenan was found. Forensic tests on the body exhumed last week are expected to take months.

# Refugees and tuberculosis

**In May, refugees** from Kosovo arrived in Canada with few belongings—but in some cases with a potentially serious disease. Last week, it was revealed that three flight attendants who served on the Royal Air flights carrying Kosovars had contracted inactive TB, as had two Ontario volunteers who worked with the refugees (three Kosovars were found to have TB and were treated in Canada). One volunteer, Robyn Walters, criticized Ottawa for being negligent by not issuing proper warnings about possible health risks.

# Prairie storm

**They were the** kingmakers. Now, two of the Saskatchewan legislature's four sitting Liberals are also cabinet ministers—while a third is being put forward by Roy Romanow's NDP government as its choice for Speaker. The arrangement, described by Romanow as a "joint coalition cabinet," guarantees the New Democrats a de facto majority in the 58-seat legislature (they eked out a mere 29 seats in the Sept. 16 provincial election, with the right-wing Saskatchewan Party taking 25). But it has left Liberal Leader and now-Education Minister Jim Melenchuk and his fellow Liberal MLAs facing the anger of their own executive. "I'm so mad I could bite the ground," declared Liberal party president Rod MacDonald, who said he was not consulted about the deal. "These guys have sold out their constituents."


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*Australian peacekeeping troops land in an outlying area of East Timor: just one more wound in a hemorrhage*

# A Nation in Peril

## With $8 billion in investments, Canada has much at stake as revolts and riots threaten to destroy the fabric of Indonesia

**By Warren Caragata** in Jakarta

**All appears normal** on the campus of Atma Jaya University in central Jakarta. Students sit in groups in the shade of large trees offering protection from a relentless afternoon sun. The food stalls do a brisk trade in *nasi goreng*, or Indonesian fried rice, and all manner of snacks. But on closer examination, all is not normal at all. The Indonesian flag flies at half-mast in memory of seven people killed in the latest round of violent demonstrations, including an engineering student who died near the university's gates. Students gather to discuss their next protest plans as the country's newly elected parliament prepares for a session that will select a new president, or re-elect incumbent B. J. Habibie. If Habibie, 63, manages to scrape together a victory, the students are clear about what will happen next. "It's revolution, not just a demonstration," says Billi, an economics major.

With the heat of the dry season building towards the start of the fall rains, it was not just the air temperature that was rising. The political temperature was also climbing as the parliament, the 700-member People's Consultative Assembly, began its long-awaited session late last week—almost four months after the first free national elections in 44 years. The problems in the world's fourth-most-populous nation are profound, complex and many: an unfinished revolution in 1998 that felled longtime strongman Suharto but left Habibie, his onetime protégé, in the president's office, an economic crisis that saw the country reduced to pauper status, dependent on foreign aid, and a growing revolt in its far-flung regions. That revolt was highlighted by the Aug. 30 vote for independence in East Timor, and the resulting violence that left hundreds, perhaps thousands, dead.

Whether the country of 213 million will now be able to rise above its chaos is a question no one can answer with certainty. "Indonesia is facing a tremendous challenge, regardless of who the president is, to make sure the country gets back on its feet," says Rene Cremonese, the chief political officer at the Canadian Embassy. Canadian companies have a lot at stake in the struggle. Their $8 billion in investments in Indonesia, heavily weighted in the oil and mining sectors, is greater than in any other Southeast Asian country.

Habibie's main challengers are Megawati Sukarnoputri, 52, the reformist daughter of Indonesia's founding president, Sukarno, and an erratic alliance of Muslim parties loosely grouped around Abdurrahman Wahid, 59, who leads the country's largest Islamic group. Megawati's Democratic Party of Struggle won the largest number of votes in the June election but fell far short of the majority needed to elect her as president. In the background stands the commander of the powerful Indonesian armed forces, Gen. Wiranto, 52, touted by some as a possible candidate for either the vice-presidency or the top spot (like many Indonesians, he uses a single name). Wiranto's support or acquiescence is considered critical for whomever takes the reins.

Yet Indonesia's crisis is so deep that many people, inside and outside, worry that the country itself could fracture, with East Timor being only the first fissure. The archipelago is as broad as Europe and as diverse as India or the former Soviet Union. Its 17,508 islands house about 300 ethnic groups speaking 583 languages and dialects, all bound by the same dream of its founders that the Dutch West Indies could become a viable state. Separatist movements are active in the west, in oil-rich Aceh in northern Sumatra, and in the east, in Irian Jaya, the Indonesian half of New Guinea. Religious strife between Muslims and Christians in the Spice Islands capital of Ambon has left more than 200 dead since July alone. "There is an apprehension that we could be another Yugoslavia," says Aristides Kartoppo, editor of the Jakarta daily *Suara Pembaruan*.

Nowhere is that comparison more clear-cut than on the battered and bloodied landscape of East Timor, where Indonesian troops have now relinquished control of the former Portuguese colony to an Australian-led, UN-backed peacekeeping force. The mission, now 5,000 strong and aiming for 7,500, continued to build its presence last week with newly arrived help from two armour-plated Canadian Forces Hercules transport planes. They joined the international airlift bringing military supplies from Darwin, in northern Australia, and are the advance contingent of a Canadian force that will number about 600 by late October. Capt. Greg Hill of Edmonton, one of the Hercules pilots, said the crews feel good about their job. "Every time you drop something off, you get a bit of feeling that, in some small way, you're helping out."

Habibie and the military now face the prospect of a pending UN inquiry into alleged atrocities and crimes against humanity by Indonesian soldiers and the anti-independence militias they organized. Yet for Habibie, East Timor has been just one more wound in a year of political hemorrhage. Critics see his government as an extension of Suharto's, unable to bring true reform. His Golkar party won only 20 per cent of the vote in the June election. Analysts still gave the German-educated former aeronautical engineer some chance, through parliamentary alliances, of being able to win election to a full five-year term. But he was severely stained this summer by a bank scandal involving alleged kickbacks to a company close to him, purportedly to help finance his re-election effort.

There were signs last week that Habibie's grip may have been fatally weakened. As the parliament met in its first session on Friday, there were boos as Habibie entered the cavernous hall. Even Golkar's governing council has distanced itself from its president. If Golkar does decide to ditch him, one option, said Marzuki Darusman, a key critic within the governing party, would be a grand coalition with Megawati and other parties. Such an alliance would mean, he said, that "the prospects are good for a peaceful transition."



*Habibie, strongman's successor*



*Megawati, the reformists' hope*

Megawati's leadership skills remain untested. A strong nationalist, she opposed holding the Timor referendum and could be tough on other separatist movements. Critics say she is indecisive. But she is immensely popular, known universally as "Mega," and is surrounded by a cotene of democratic reformers.

Many analysts think the country's survival as a nation is intimately linked to the fate of reform. "It will not be in danger of splintering if we can go ahead with a transition to a new government," says political analyst Wimar Witoelar. The world will be watching nervously to see which path is chosen by Southeast Asia's crippled giant. m

# Japan's nuclear nightmare

## Officials blame human error for the country's worst atomic accident

**The three workers** at the nuclear fuel processing plant in Tokaimura, Japan, knew something had gone wrong when they saw the blue flash. That signals the onset of a chain reaction, or nuclear fission. The hapless trio immediately became ill, retching and passing out as radiation levels jumped to 10,000 to 20,000 times the accepted level. On a nearby golf range, another seven workers took sick, as did 45 others inside the JCO Co. plant, one of 15 nuclear-related operations in the seaside town of 33,000. Even three firefighters were stricken when they arrived on the scene of Japan's worst nuclear accident.

As radioactive gas spewed into the air, officials ordered more than 300,000 residents of the region, 140 km northeast of Tokyo, to remain in their homes with their windows closed and air conditioning off. Some children spent the night in their schools while police in white protective suits roamed empty streets. The three workers, two in critical condition and suffering from nausea and diarrhea, were rushed by helicopter to the National Institute of Radiological Sciences in Chiba, just outside Tokyo. Hauntingly, in the only nation to have suffered a nuclear attack, doctors said the amount of alpha waves the men were exposed to was equivalent to standing 800 m from the epicentre of the Hiroshima atomic bomb.

Within a day, the nuclear chain reaction was under control and residents outside a 350-m radius of the plant were allowed to venture from their homes, many of them to line up for checks for radiation exposure. But the fallout, politically, was immense. Japan is in the midst of increasing its commitment to nuclear power. It already depends on 51 nuclear



Kyodo AP



Kimimasa Mayama/AP

*Transporting a victim in plastic, testing for radiation (below): political fallout*

reactors to provide a third of its electrical power, and it is counting on shipments of dangerous plutonium—two of which arrived in the week of the mishap—to solve its future fuel needs. But Japan's once-quiet anti-nuclear movement has been galvanized by the accident, turning a spotlight on the industry's safety record. In the past four years, there have been seven accidents.

More ammunition for critics was provided by JCO president Koji Kitani, who bowed deeply at a Tokyo news conference and said: "We apologize from the bottom of our hearts." He admitted that the three workers may have ignored company guidelines. They evidently tried to mix uranium and nitric acid by hand in a stainless steel container. Not only did they pour in almost seven times the allowed amount of the uranium solution, but the uranium was enriched—more powerful than normal because it was destined for an experimental power plant nearby.

Canadian nuclear critics were quick to see lessons. "We were told that nuclear power is perfectly safe, clean and economical," said Gordon Edwards, president of the Montreal-based Canadian Coalition for Nuclear Responsibility. "This is a fairy tale. What happens when things go wrong, as they will, is what you're seeing in Japan." Atomic Energy of Canada Ltd. spokesman Larry Shewchuk noted, however, that this country's Candu reactors use non-enriched uranium in a process that is incapable of producing a self-sustaining chain reaction. In Japan, though, the nuclear debate is sure to intensify.

**John Nicol** *with Peter McGill in Tokyo*




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Washington



Andrew Phillips

# No Gretzky, no Jordan, just Jean and Bill

**Who says** the anonymous officials who labour behind the scenes to make sure things go smoothly when prime ministers and presidents get together have no imagination? As they planned this week's meeting between Jean Chrétien and Bill Clinton, they had a brainstorm. On Friday, the Big Guys are going to Mont-Tremblant, Que., where Clinton is to deliver a speech at an international confab on federalism. They both love golf; Mont-Tremblant has a great course. Why not get a couple of other famous golf enthusiasts to make up a stellar foursome? Why not get, say, Michael Jordan and Wayne Gretzky? Calls were made. As it turned out, Gretzky couldn't make it—so another great initiative in cross-border diplomacy bit the dust.

Maybe just as well. "I'm not sure the President and the Prime Minister would have appreciated being upstaged," an official familiar with the planning mused last week. As it turns out, then, Chrétien and Clinton will have to content themselves with more mutine matters in what will be only the third time one has made a formal visit to the other's capital in the past six years. And the President is hardly going to linger. After Hillary Clinton's six-hour touchdown in Ottawa last week for a conference of leaders' wives (squeezed in between campaign stops in New York state), her husband will be in and out of Canada in a matter of 18 hours—sleep time included.



*Aline Chrétien greets Hillary Clinton*

Never mind. No doubt it will be quality time, built around Clinton's closing address to the conference on federalism in Mont-Tremblant. It's a policy wonk's dream, 3½ days of musings by ministers and academics from a score of countries. The leaders of Canada, the United States and Mexico will be there—so it must be important. The Quebec government is understandably wary about this international celebration of the federalist principle in its backyard, but it need fear no lectures from Washington. The White House last week pointedly noted that the President will speak about federalism "in the United States." So expect no fireworks as Clinton reflects on his experiences at both the state level (as governor of Arkansas) and as head of the U.S. central government. Ottawa knows that just by showing up, Clinton lends his considerable credibility to an exercise designed to show that federalism is a living, evolving idea—not the straitjacket that Quebec separatists like to paint it.

"He doesn't have to say anything directly," notes an organizer. "He just has to be there."

The President will make a few other stops as well. In Ottawa he will dedicate the new American Embassy adjacent to Parliament Hill, a building that is getting a decidedly chilly welcome even before it officially opens. (Agitated letter writers to the *Ottawa Citizen* have denounced it as a "monstrous fortress," "an ugly, squat, monolithic block of cement," and "the worst bunker-style building in the city.") And of course Clinton will meet privately with Chrétien to hash over "the relationship." They can claim with considerable justification that it is in good shape—as it almost always is when the top men get together.

The trick is to have the big fights between summits, and make sure they're over by the time the grip-and-grin photos are taken. Since Chrétien visited Washington in April, 1997, two significant disputes have flared up—and died down. Ottawa and Washington finally worked out an agreement on Pacific salmon (U.S. ferries no longer risk being held hostage by B.C. fishermen), and in May the Chrétien government gave in to Washington's assault on legislation protecting Canadian magazines. Those were tough fights, but there are no comparable disputes now to sour the mood.

**In fact,** Canadian and U.S. officials say the leaders will use their brief get-together to make progress on one of the few thorny issues between them. Last spring, the Clinton administration severely curtailed Canada's once-favoured status for cross-border defence and aerospace contracts. Washington suddenly ended its six-decade-old special relationship with Ottawa in defence technology, arguing that secrets shared with Canadian companies were leaking to potentially hostile third countries, such as China and Iran. That put at risk as much as $1 billion a year in high-tech exports from Canada to the United States. At the same time, the Americans denied permits that would allow a sophisticated Canadian surveillance satellite, Radarsat 2, to be launched in the United States. Washington isn't expected to reverse course, but the Prime Minister and the President may well announce a compromise that will soften the impact on Canadian firms.

That wouldn't be a bad day's work. They might even want to celebrate with a round of golf.



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# Trans Canada Trail!

**Join your fellow Canadians on a great national path into the new millennium!**

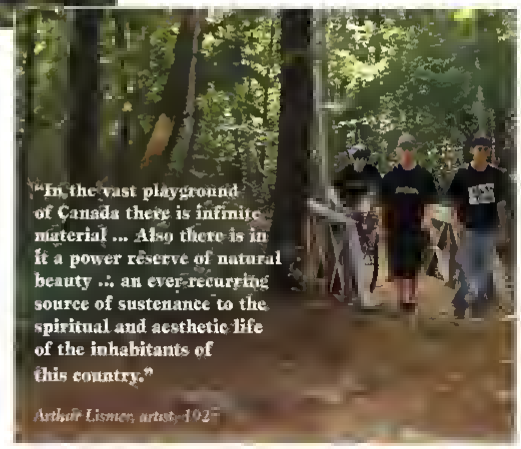



**A TRAIL THAT SHOWS US WHO WE ARE!**

We are as varied as our land. The nature of Canada has made us who we are, sometimes challenging our strengths but always astonishing us with its restless beauty and awesome majesty. Nature has always inspired us to share and shape grand visions. The Trans Canada Trail is one of our greatest visions for the future: a grand recreation Trail winding its way through every province and territory, linking thousands of communities along its route. At 16,100 kilometres, it is the longest Trail in the world.

**METRE BY METRE, COMMUNITY BY COMMUNITY, IT GREW FROM THE HEARTS OF CANADIANS!**

In 1992 it was a vivid vision. In 2000 it becomes an epic reality. From all walks of life, Canadians are taking to the Trail. Through their deeds, donations and dedication, Canadians will have built a permanent path to bring us even closer to the true nature of our land. On Sept. 9, 2000, the Trans Canada Trail will be officially opened—a great newborn Trail representing a national accomplishment of historic proportions.




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# Great Style for a Grand Purpose!

Proceeds from the sale of these items will be used to help build the Trail in your province/territory. ***So order now!***

Most of the garments featured here are supplied by the Kalson Group, a Canadian company founded in 1968.



**#10 Trail Cap** - 100% cotton. Natural colour crown with forest green suede peak. Adjustable leather strap. Embroidered Trail logo. **$12.99**

**#44 "Action" T shirt** 100% pre shrunk cotton double stitched. Forest green colour. Front printed with Trail Activity silhouettes. Available in adult S/M and L/XL. **$18.99**

**#75 Trail Medallion** Hand painted with the Trail logo. Polished antique brass finish. **$5.95**

**"Tamarak" Hiking Stick** Canadian made. Comes with the Trans Canada Trail medallion. Available in two heights: 56" **(#25)** and 46" **(#24) $32.95** (same price for both heights)

**#98 Long Sleeved T-shirt** - 100% cotton. Double stitched. V neck, grey colour with Trail logo embroidered on left chest. Available in adult S, M and L/XL. ~~$34.95~~

**#43 "What Trail?" T Shirt** – 100% pre shrunk cotton double stitched. Black colour. Front of garment printed "What Trail?" and back printed "The Trans Canada Trail". Available in adult S/M and L/XL. **$18.99**

**#110 Denim Trail Shirt** 100% cotton. Long sleeves, soft denim fabric. Patch pocket on left chest with embroidered Trail logo on right chest. Available in adult S, M, L and XL. ~~$44.95~~

**#99 Fleece Vest** Yukon Fleece. Grey colour with Trail logo embroidered on left chest. Zip-closing pockets with elasticized waist. Available in adult M, L and XL. ~~$59.95~~

**#80 "Think Big" T Shirt** 100% pre-shrunk cotton – red colour. Front and back printed as per "Sweats". Only available in children's sizes: 2/4, 6/8. **$11.95**

**#78 "Think Big" Sweats** - 100% cotton. V crew sweatshirt made by Roots. Front of garment printed "Think Big" and back printed "The Trans Canada Trail". Children's sizes available in red colour only: 4, 6X, 8. ~~$24.95~~ Youth sizes available in navy blue colour only: 10/12, 14/16 **(#79) $28.95**

**#96 Trail Golf Shirt** - 100% cotton. Herringbone style. Natural colour with forest green collar and ribbing on sleeves. Embroidered logo on left chest pocket. Available in adult M, L and XL. ~~$39.95~~

**#26 Trail Cap** - 20 oz. melton. Forest green crown with tan suede peak. Adjustable leather strap. Embroidered Trail logo. **$14.99**

**#32 Trail "Activity" Sweatshirt** - 80% cotton, 20% poly. Athletic grey colour with navy blue insert on collar and cuffs. Front of garment embroidered with Trail activity silhouettes and logo. Available in adult S/M and L/XL. ~~$39.95~~

**#74 Fleece Jacket** – Made of soft, warm Yukon fleece. Forest green colour with Trail logo embroidered on left chest. Zip-closing pockets with elasticized cuffs and waist. Available in adult M, L, XL. ~~$64.95~~

**#108 Official Trail Calendar- Year 2000** Produced by Pine Ridge Art, the Trail calendar displays beautiful photographs taken along the Trail by renowned Canadian photographer John De Visser. This will be the first edition of a keep sake five year collector series. ~~$19.95~~

## MERCHANDISE ORDER FORM

**YES!** I want to support the Trans Canada Trail and have enclosed a cheque or money order payable to **Trans Canada Trail.**
Complete the order form and mail or fax to: Trans Canada Trail, 43 Westminster Ave. N., Montreal West, Quebec, H4X 1Y8
Fax: (514) 485-4541 **For rush orders use** certified cheque, money order or credit card. Charge my VISA ☐ or MASTERCARD ☐

CARD # _____ EXPIRY DATE _____

CARDHOLDER'S NAME _____

AUTHORIZED SIGNATURE _____

| ITEM # | DESCRIPTION | SIZE | QTY | UNIT PRICE | TOTAL |
|---|---|---|---|---|---|
| | | | | | |
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| SHIPPING | $6.00 |
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| Quebec residents add 7.5% QST | |
| TOTAL | |

**TOLL FREE ORDER LINE: 1-800-465-3636**

MAC/F99

# The Trans Canada Trail Relay 2000

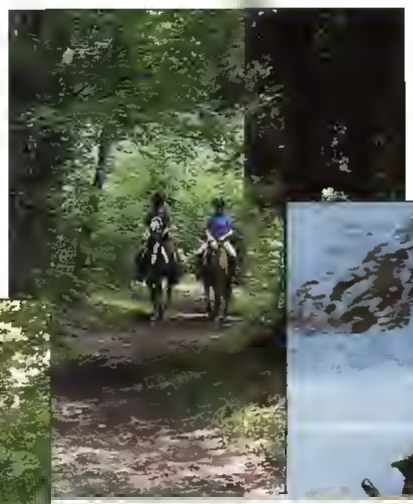
## GO FOR IT! APPLY NOW! MAKE HISTORY!

### Celebrating the Longest Trail Relay in the World

To mark the official opening of the Trans Canada Trail in the year 2000, the longest Trail Relay in the world will take place along the route of the Trail. The Relay will involve some 5,000 official Carriers. It will trigger a Trail of Celebrations in communities all along the Trail — thousands of different community events are planned and millions of Canadians will celebrate!

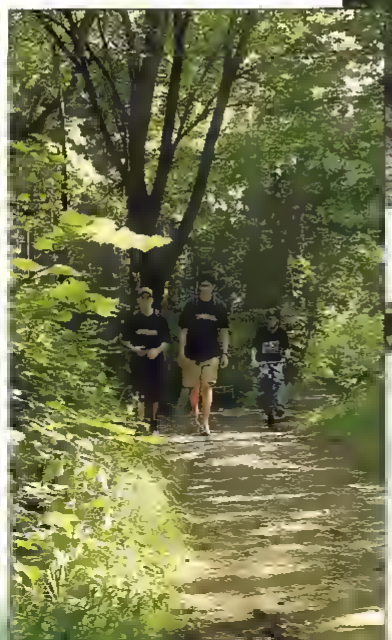
### One Great Relay Beginning at Three Great Oceans

The longest Trail in the world touches all three great oceans bordering Canada: Arctic, Pacific and Atlantic. The Relay begins when a bottle of water is drawn from each of these oceans at Tutoyaktuk, NWT; Victoria, B. C.; and St. John's, Nfld.



### It's Not a Race But a Reason

From February to September, 2000, waters from the three oceans will be relayed by some 5,000 official Carriers along a Trail of Celebrating Communities toward their final destination in the National Capital Region.



### The Finish is Only the Beginning

On Sept. 9, 2000, in a concluding ceremony, the three ocean waters will be symbolically poured into a newly constructed Trans Canada Trail Fountain in the National Capital Region.

### The Trail Ahead

The Trail ahead still requires continuing dedication and development. Initially not all of the Trail will be able to accommodate all shared-use Trail activities. On Sept. 9, 2000, the Trans Canada Trail will be officially opened. Canadians will have forged a physical link to all our three oceans: an achievement representing a national accomplishment of historic proportions.





### How you can be a Part of History

Maybe only once in a lifetime can you be part of history. But never before have you had the opportunity to be part of our history and also have fun making it!

The Trans Canada Trail will be recruiting some 5,000 official Carriers across the country for this momentous Relay event. Nothing of this size or scope will ever happen again. Here's your chance to become an official Carrier.

Anyone who is a permanent resident of Canada and capable of carrying a small backpack can apply to become an official Carrier in the Trans Canada Trail Relay 2000. We want Canadians from all walks of life to actively participate in making history. You can take to the Trail by walking, running, wheeling, cycling, roller-blading, horseback riding, cross country skiing and snowmobiling (where appropriate). You and your family and friends are also invited to join in and participate in the celebrations when the Relay comes through your community or region.

### Here's How You Can Become an Official Carrier

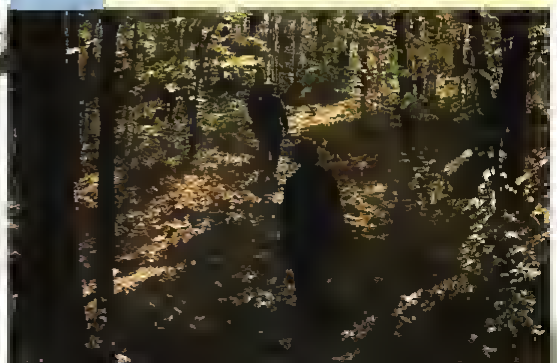
It's easy! All you have to do is apply. Here's how. You can apply one of three ways. You can pick up an application form at your nearest Canada Post, Canada Trust or Choice Hotels outlet and mail it to us at the address printed on the application form, or you can make an electronic application on our Internet Web site at: www.tctrail.ca, or call us toll free at 1-800-465-3636. All applicants pay $12.00 for application processing and everyone will receive an official Trans Canada Trail Relay 2000 crest! Maclean's Magazine encourages you to apply now! All applications must be received on or before Dec. 3, 1999.

### *Sharing the Memory. Shaping the Dream.*

*As the minister responsible for the Government of Canada's millennium initiative, I am pleased that the Government of Canada is a major financial sponsor of the Trans Canada Trail and Relay 2000 through its Canada Millennium Partnership Program.*

*And what better symbol of the spirit of partnership than Relay 2000. From coast to coast to coast, Canadians, together are carrying out projects that will have an impact on the lives of our future generations.*

***The Honourable Herb Gray***
***Deputy Prime Minister of Canada***



# WE SUGGEST ALL CANADIANS *take a hike.*



(ON THE TRANS CANADA TRAIL THAT IS. BUY A METRE TODAY FOR JUST $40.)

Canada Trust believes in contributing to the future of Canada.

As a proud founding sponsor of the Trans Canada Trail, we're helping to create a network of trails for hiking, biking, horseback riding and cross-country skiing. By September 9 in the year 2000, it will stretch through all 12 provinces and territories making it the largest such trail in the world.

You can help too. For just $40 you can purchase a metre of the Trail. Your contribution will help to build the Trail and in return your name will be imprinted in a trail pavilion in the province of your choice as a permanent reminder of your support of Canada Trust and the Trans Canada Trail.

Important parts of the Canadian landscape from St. John's to Victoria to Tuktoyaktuk.

*Call 1-800-465-3636 or visit the Trail's website at www.tctrail.ca*

Giving back to our communities

Friends of the Environment Foundation | Canada Trust Scholarships

Canada Trust




## MORE PAVILIONS ON THE TRAIL IN '99

The first Trans Canada Trail Pavilion officially opened in Caledon, Ont. in 1996, now proudly displays the names and messages of over 10,000 donors. Since then, Pavilions have been sprouting up all across Canada to keep up with the growing number of donors who want their names or messages permanently imprinted in a Trail Pavilion in a province or territory of their choice.

By the end of 1999, there will be a total of 19 Pavilions throughout Canada. This has the potential of displaying the names of 240 000 Trail donors. There is at least one Pavilion in every province so if you have not already done so, put your name on the Trail by filling out the donation form in this supplement.

## OUR NATIONAL REPORT CARD

The chart presents the Trans Canada Trail objectives and progress to date. At date of publication, approximately 43 per cent of the Trans Canada Trail was officially registered (much of this actually built and operational).

Atlantic Canada still leads the country in Trail building. Prince Edward Island is now 100 per cent complete. Atlantic Canada's Trail building achievements stand as testimony to the progressive trail policies of these Provincial Governments and the dedication of trail-building volunteers. Given the current momentum, the Trans Canada Trail Foundation believes that 70 per cent of the Trail will be completed by the end of 1999 and fully in place by the fall of 2000.

Significant progress toward realizing this millennium mission has been made, but a great deal more must still be accomplished between now and the fall of the year 2000. We need your continued support. On Sept. 9, 2000, the Trans Canada Trail will be officially opened to all Canadians and peoples of the world.

**REGISTERED TRAIL STATUS: LAND LENGTH**

| Province/Territory | Year 2000 Trail Objective (kms) | % Complete |
|---|---|---|
| Newfoundland | 900 kms | 88% |
| Nova Scotia | 600 kms | 82% |
| New Brunswick | 700 kms | 90% |
| Prince Edward Island | 350 kms | 100% |
| Québec | 1,200 kms | 57% |
| Ontario | 3,400 kms | 38% |
| Manitoba | 900 kms | 66% |
| Saskatchewan | 1 400 kms | 28% |
| Alberta | 2 000 kms | 12% |
| British Columbia | 2,700 kms | 31% |
| Northwest Territories | 460 kms | |
| Yukon | 1 500 kms | 43% |
| Nunavut | Water Route | |
| Total | 16,110 kms | 43% |

*Proud supporters of the Trans Canada Trail*

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At Tetra Pak Canada we have a long-standing commitment to environmental education. Our mission is to provide our customers and the public innovative, value-added packaging that is safe, convenient, and environmentally friendly. Supporting the *Trans Canada Trail "I'm a Proud Trailblazer"* School Program is just one of the ways we contribute to helping kids and their communities celebrate and learn more about our environment. Through this program, Tetra Pak is proud to help young Canadians become trailblazers, and blaze their own trails to a better environment from sea to sea to sea.

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# Share the Vision
## Help build the Trans Canada Trail



**TRAIL PAVILION.** The Trail pavilion in Caledon East Ontario is just one of 20 Trans Canada Trail Pavilions now across Canada. It proudly displays the names and messages of over 12 000 donors



**YOUR NAME.** Detail of pavilion panel with donors inscriptions permanently laser etched

**TRAIL CERTIFICATE.** Numbered dated and surprinted with your name Ask our operators about the special certificate frame



**Put your name on the Trans Canada Trail**
From all walks of life, Canadians are sharing the vision of this great national dream Thousands of Canadians, communities and corporations have already contributed to permanently put their names and messages on the Trans Canada Trail Join with them Help build the Trans Canada Trail for today, the new millennium and beyond

**Celebrate the Year 2000! Give a gift of lasting metres**
The new Millennium is a once-in-a-lifetime reason this season to give someone you love a Trail metre or more By putting their name on this great Trail, you'll be giving a gift of nature to share with those who mean so much to you – or in remembrance of one you love It can cost so little and mean so much And it's there forever!

**Each donation of $40 makes a metre of Trail happen**
Each and every gift donation will be officially acknowledged by **your name** or the name of a friend or in remembrance of a loved one, or by your company, school or organization, ***permanently inscribed*** in a Trail Pavilion in a province or territory of your choice You will also receive a **personalized Trail certificate** and a **tax receipt** And the number of Trail metres that you can make happen is unlimited

**Put your own message or special tribute on the Trail**
With every donation of 10 metres ($400), donors are entitled to inscribe a ***permanent message or tribute,*** which will be displayed on a special panel in a Trail Pavilion of your choice This panel is especially suited to people or organizations who would like to inscribe a few words about someone special or have a group of names appear together in the Pavilion For more information about putting a message on the Trail, call our toll free line **1-800-465-3636.**

**TRANS CANADA TRAIL METRE DONATION FORM** (PLEASE PRINT CLEARLY)

**YES,** I/We want to support the Trans Canada Trail and wish to **donate $40 for each trail metre.**

NUMBER OF METRES 3 x $40 - $120 ☐ 2 x $40 - $80 ☐ 1 x $40 - $40 ☐ ___ x $40 - $_____ Additional donation to cover increasing costs $_____

**TOTAL DONATION:** $

MR./MRS./MISS/MS.

DONOR'S NAME

ADDRESS APT

CITY PROVINCE POSTAL CODE

TELEPHONE HOME ( ) WORK ( )

I/WE WISH TO MAKE MY/OUR DONATION BY CHEQUE ☐ VISA ☐ MASTERCARD ☐

CARD NUMBER EXPIRY DATE

SIGNATURE

Name to be inscribed in Trail Pavilion and on trail certificate (max. 25 letters including spaces)

Province/Territory where you wish name to appear in Trail Pavilion – nearest city

Address where certificate will be sent if different from donor's. All receipts will be automatically sent to donor APT

CITY PROVINCE POSTAL CODE TELEPHONE ( )

Material to be sent in: English ☐ French ☐

Relationship of donor to person inscribed in Trail Pavilion

Is this donation in memory of a departed loved one? Yes ☐ No ☐

If you are contributing more than one metre, please print additional names and all other information on a separate page.

Please make cheque payable to **TRANS CANADA TRAIL**
Mail donation form(s) to the following address
43 Westminster Ave N , Montreal West Quebec H4X 1Y8

Fax (514) 485-4641 Internet www.tctrail.ca E-mail info@tctrail.ca

TO MAKE A TELEPHONE DONATION SIMPLY CALL **1-800-465-3636**

BUSINESS # 13745 6741 RR0001 MAC/F99


# World Notes

### Russia invades Chechnya

Russian soldiers backed by tanks swept into parts of Chechnya in a major ground offensive A senior Russian officer said the purpose of the advance was to establish a security zone along Chechnya's borders, to prevent Muslim guerrillas from infiltrating neighbouring republics. Moscow officials have blamed Chechen militants for bomb attacks on apartment buildings in the capital and elsewhere that have killed more than 300 people

### Mexico's tremors

Central Mexico was hit by a powerful earthquake rivalling that of the recent upheavals in Turkey and Taiwan. But the tremor, which made highrises sway in Mexico City, occurred far from urban centres, resulting in less destruction and the deaths of 18 people.

### Yugoslav protests

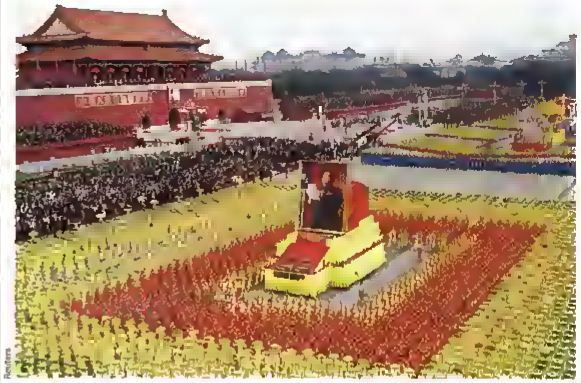
Belgrade police clubbed anti-government protesters as they lay on the ground, injuring at least 10 people in the escalating struggle to topple Yugoslav President Slobodan Milosevic. The protesters blame Milosevic, who appeared determined to hold on to power, for all but destroying the country during the Balkan conflict.

### The art of Sensation

The U.S. Senate voted to withhold funds from the Brooklyn Museum of Art unless it cancelled an exhibition featuring a picture of the Virgin Mary marked with elephant dung New York City Mayor Rudolph Giuliani called the painting "sick." Both the gallery and city went to court over the showcase of deliberately provocative work, entitled Sensation

### Sleeping with the baby

A U.S. Consumer Product Safety Commission study recommended that infants sleep only in their cribs, after finding that an average of 64 children under the age of 2 die of suffocation each year while sleeping with their parents. But critics immediately demurred An expert who has studied parent-baby sleeping said most of the deaths occurred when parents were too intoxicated to hear their baby struggle



Reuters

## China celebrates 50 years of the red flag

**A float carrying a portrait of late chairman Mao Tse-tung files past Beijing's Forbiddan City, wham Mao declared that "the Chinese people have stood up" after his Communists won the civil war in 1949. More than 500,000 citizens took part in National Day cammonies marking the 50th anniversary of the now much less communist, but still one-party, people's republic.**

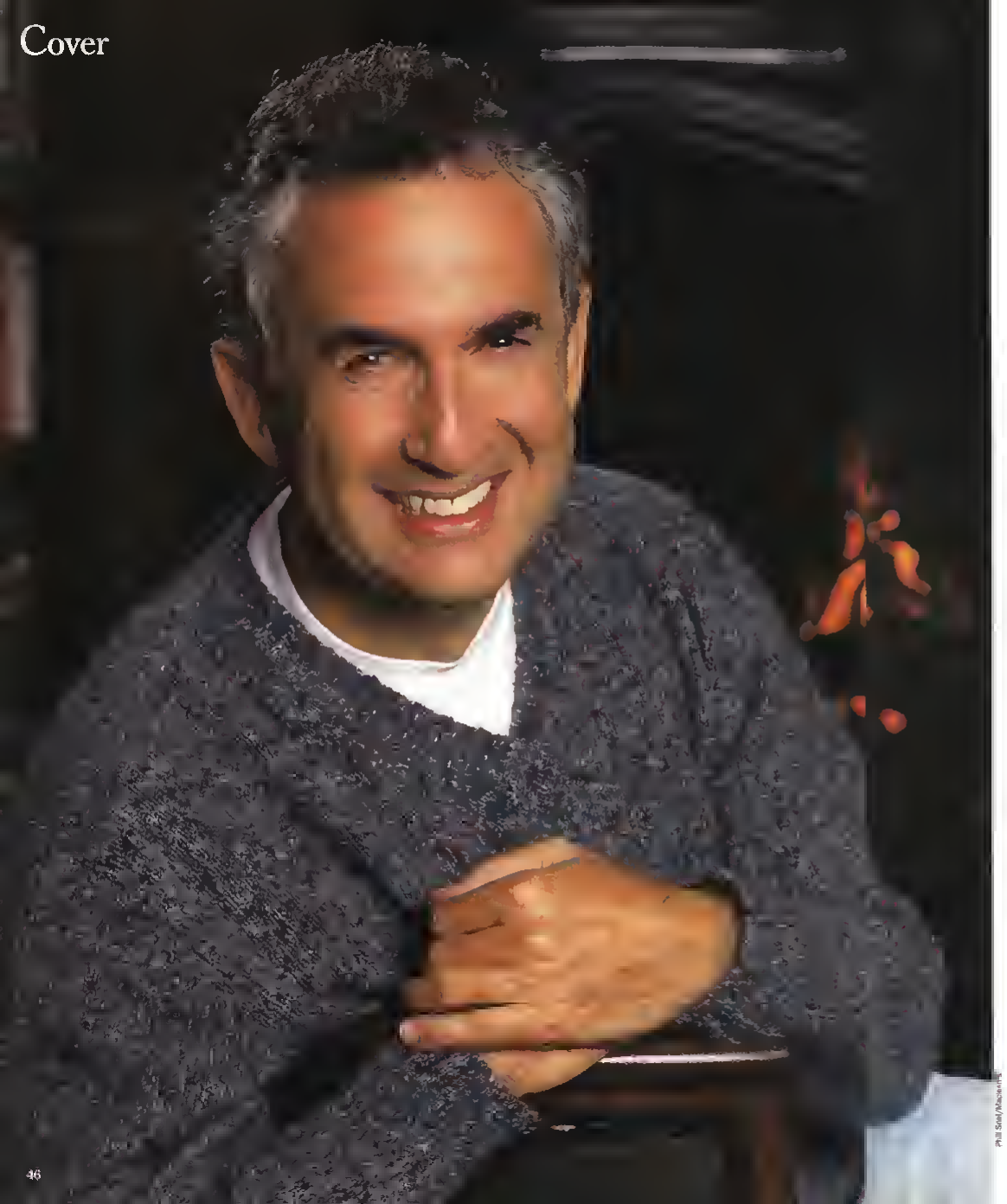
## Probing a Korean War massacre

**The U.S.** and South Korean governments began investigating reports that American soldiers killed up to 400 innocent civilians at a railroad bridge in the early days of the Korean War Army Secretary Louis Caldera, who will head the U.S. inquiry, promised a thorough review of the so-called No Gun Ri incident Reporters for The Associated Press, which broke the story, interviewed South Korean villagers who said they witnessed the killings in 1950, as well as six former American soldiers who said they were ordered to gun down the South Korean refugees. Those allegations were supported by declassified documents that said U.S. commanders ordered the massacre as a defence against enemy soldiers who may have been trying to slip behind American lines dressed in civilian garb.

The ex-GIs recalled killing 300 men, women and children while another 100 died in a barrage from U.S. fighters. South Korea said it would decide on further action after the U.S. inquiry reports Caldera appeared to be expecting the worst, suggesting "chaotic" conditions may have led to the bloodbath. "U.S. soldiers," he said, "were ill-trained and ill-equipped."

## Officer in Kosovo recalled for drinking

**Lt.-Col. Steve Bryan,** effectively second in command of the Canadian contingent in Kosovo as officer in charge of the infantry battle group, has been relieved of duty and sent home over an alcohol-related incident. Bryan is accused of having drunk more than the equivalent of two beers, the daily consumption limit. Maj. Cliff Reeves was also relieved of duties at the same time. The accusations are another blow to the Canadian Forces, whose reputation has been seriously tarnished in recent years by a number of alcohol-related scandals



Phil Snel/Maclean's

# Why Gerry Schwartz Needs Air Canada

## He has a firm worth billions and a charmed life: now he is in the fight of a lifetime

**By Kimberley Noble**

**The big black** Mercedes glides past the beds of gold- and wine-coloured chrysanthemums that spruce up Toronto's business district in early fall. Quickly and discreetly it transports Gerry Schwartz from his Onex Corp.'s corporate headquarters in a gleaming office tower to a lunchtime reception at one of those neo-classical-looking clubs on University Avenue.

Seated behind Tonny the driver, Schwartz dons elegant bifocals and starts riffling through a slab of newspapers and memos, systematically dropping whatever he digests or rejects at his feet. Schwartz uses the few minutes he is in the car to think of ways to combat what he sees as an arsenal of dirty tricks that Air Canada is employing to discredit Onex's $1.8-billion bid to buy and merge the Montreal-based carrier with Canadian Airlines International Ltd. of Calgary. It took a team from Onex, Schwartz's Toronto-based investment management company, six months to put the controversial airline deal together. Now, the company's founder and chief executive has only four more weeks to make it fly. So he makes every minute count.

The car fills with the thwacking sound of paper hitting the floor. When Schwartz comes across an item that requires immediate attention, he punches numbers into the car phone mounted on the back of Tonny's seat, and dictates precise instructions for colleagues. Could Onex vice-president Anthony Melman please inform "his friend in Calgary"—aka Canadian Airlines president Kevin Benson—that it's time to go public with Benson's version of what exactly Air Canada said during the two companies' aborted merger talks last January. (Benson flies to Toronto the next day to give a news conference.) Would one of Onex's directors, J. William E. Mingo, QC, a Liberal fund-raiser and one of the most influential business figures in Eastern Canada, call Schwartz back ASAP about a Halifax travel agency that's running ads warning consumers of the dire consequences of the airline plan? Is there a possibility that Air Canada is behind this campaign? "I don't think this is appropriate," Schwartz says. "Let's talk."

These days, Schwartz is on the nightly news more often than not; he's the stiff guy with the frizzy hair and circumflex-shaped eyebrows who is trying to sell Canadians on the merits of the



Paul Sire /Reisman &

*Reisman and Schwartz at breakfast: 'unbelievably in love with her'*

Onex deal. On TV, Schwartz, 57, looks either too scripted or overly eager to please. Before an audience, the Winnipeg-born financier holds himself, as a friend once told author Peter C. Newman, with "the impeccable posture of a hand puppet." But follow him around for a day, and a different picture emerges. Up close—in his car, at home, among friends and colleagues—Schwartz is cheerful and hospitable. Not relaxed, exactly, given all that's going on, but focused, calm and comfortable.

Acquiring and building brand-name companies is what Schwartz and his Onex team do best. He would be enjoying the corporate hardball with Air Canada excepr for one thing: this battle has turned intensely and nastily personal. Schwartz has been accused of fronting for an American takeover of Canada's airline industry and of using his political network to unfair advantage. Why would someone who has got it made risk this kind of aggravation?

He had expected Air Canada, if it could not put together a better offer, to challenge the legality of the Onex bid. The airline also launched a court challenge of the Onex takeover-merger, saying it contravenes a law restricting individual ownership in the airline to 10 per cent. Last week, however, Air Canada lost a pivotal legal battle when an Ontario judge ruled that Onex has the right to call a meeting of Air Canada shareholders before its offer expires. Onex, elated, promptly scheduled the gathering in Montreal for Nov. 8.

What the Onex boss had not expected was that Air Canada would win so many skirmishes on the anti-Schwartz front. The airline (backed by a growing chorus of critics) has accused him of being "the face" for Texas-based AMR Corp., American Airlines parent, which owns a 25-per-cent stake in Canadian and would put up more than half the cash required for the Onex deal in exchange for 14.9 per cent in the merged airline. Air Canada has also suggested that Ottawa is open to Schwartz's solution for the ailing industry only because of his connections to Transport Minister David Collenette and other Liberal party members. The airline's chief executive, Robert Milton, complains that when Air Canada asked the government last winter to suspend competition rules so the two national airlines could talk about merging, it refused. But six weeks after Benson told Collenette that an Onex bid was in the works, those same restrictions were set aside. Canadians, it seems, think that Schwartz is getting special treatment. In a recent poll, more than two-thirds of Canadians said they were reconciled to having a single national airline—but less than half supported the Onex bid.

These criticisms *really* bug him. Nobody who has built an $11-billion company from scratch likes to be portrayed as somebody's toady. Of the political accusations, Schwartz snaps: "There's all this innuendo about whether the fix is in and did Gerry get a big favour from the Liberals. My reaction is really simple: look at our record. It is fantastic. I don't need favours from the government to succeed." There are, investment analysts reckon, three people in Canada with enough money and brains to restructure the was-torn airline business: Schwartz, Vancouver's Jimmy Pattison and Montreal's Paul Desmarais. Two of them have so far stayed on the sidelines, preferring to put their cash and energy into investments that don't land them in court or on the front page every day. Schwartz is bucking the trend. Everyone wants to know, what's in it for him?

Whatever Schwartz says, it's not about money. Sure, he wants to see his company grow. But this is no personal get-rich-quick scheme. He is already worth an estimated $500 million, and that's not counting the multiple voting shares that give him control of Onex. Schwartz and his wife, Indigo Books & Music Inc. founder Heather Reisman, own a 12-room mansion in Toronto's Rosedale neighbourhood, have just bought a house in Palm Beach, Fla., and are in the process of building another in Bel Air, Calif. (Three of their four children live in that state.) They also rent what Reisman, 51, calls an idyllic 100-year-old New England summer house, complete with mildewed wicker furniture, on a bluff in Nantucket.

Schwartz owns a collection of vintage cars, which he talks about excitedly but seldom has the time to drive, and a 19-foot dinghy called the Know Heather. "There's a double meaning to that," he says. "Heather doesn't come out on the boat." The couple is famous for throwing glamorous parties and giving one another lavish gifts. On Reisman's 40th birthday, Schwartz hired the Kingston Trio to sing for her. She responded by presenting him with a red Porsche on his next birthday. When in the south of France, they like to stay at a hotel in Antibes where suites can run up to $4,500 a night. This past summer, they spent a few days in Italy, and five weeks in Spain's Balearic Islands. Next on their holiday agenda is a millennium New Year's Eve party at their Florida house. "This," says one observer of Canadian high society, "will be the party of the decade."

Yet these are not frivolous people. Rather, they are earnest, committed, philanthropic. Schwartz may throw grand parties, one friend says, "but you'll find him back in the kitchen talking Middle Eastern politics with [Israeli cabinet minister] Natan Sharansky." The couple's interests outside of work and children include Liberal politics, buying and renovating houses, Israel, art, books and, as corny as it sounds, each other. Friends say the relationship hit an extremely rough patch a few years ago, when both Schwartz and Reisman suffered big career setbacks, but the marriage survived. "Heather Reisman is a big passion of mine," Schwartz says. "I am unbelievably in love with her. I can spend an insatiable amount of time with her. I can go away with her for three weeks with nobody else there and have more to talk about at the end than I did when we went away." What does Reisman find so appealing about him? "He is honourable," she says. "He has unbelievable judgment. And when he says he'll do something, he delivers."

For example: Schwartz said, back in the early 1980s, that he was going to build one of those great legendary fortunes, just like Desmarais, and that he was going to do this by starting his own leveraged-buyout firm. The only son of a Winnipeg auto-parts dealer and a lawyer, Schwartz spent his childhood in an apartment upstairs from his grandparents, and then in the upper-middle-class neighbourhood of River Heights. His high-school ambition, he says, was to be "an executive and to have a big job that would pay at least $10,000 a year. I thought $10,000 was a big deal." And in the late '50s, it was. He studied law at the University of Manitoba, and articled for a well-known Winnipeg tax lawyer named Izzy Asper (who would later build the CanWest Global media empire). By his 20s, Schwartz was beginning to dream of bigger things and a life beyond Winnipeg.

**Schwartz quit** the law firm and, with his young family in tow, moved to Boston to earn a Harvard MBA. From there, he went to New York City, where he eventually worked alongside Jerome Kohlberg, Henry Kravis and George Roberts, becoming part of the team of bright young investment bankers that pioneered leveraged-buyout techniques on Wall Street. He also did deals with Michael Milken, the junk-bond king.

One night in a Manhattan jazz club in the late 1970s with Asper, the two decided to take what Schwartz had learned to Canada—where, they figured, they would have the buyout field pretty much to themselves. The result was CanWest Capital Corp., which the two men ran until 1983, when their relationship imploded over what began as a difference of opinion over whether to withstand pressure from the company's banks or sell an insurance company the firm owned. Schwartz, the pragmatist, voted against the more emotional Asper. The partners split CanWest down the middle and Schwartz plowed his share into the investment partnership that would become Onex.

While at CanWest, Schwartz, whose marriage had broken up, travelled to Montreal to check out a distillery company—a potential acquisition. He met Reisman, a single mother, social worker-turned-management consultant and devoted Liberal supporter. She was working for the firm hired to advise the distillery's bank. Schwartz quickly decided against the asset, but spent two weeks acting interested in the deal—"to the point where it was starting to look odd," he says. They started dating and moved to Toronto where, in 1981, they bought and began restoring an old rooming house in Rosedale. They were married the following year.

It was during this period, Schwartz likes to say, that he got pulled into Liberal politics "by the whirlwind behind Heather." He became a major fund-raiser for Liberal leaders John Turner and Ontario's David Peterson, but Schwartz and

**He has been labelled an American front. But nobody who builds an $11-billion company likes to be called a toady.**

## How his wife sees him

**Heather Reisman on Gerry Schwartz:**

"Gerry's never been the life of the party. He's a very reserved, inward kind of person. He is also exceedingly bright and in control of his life. This makes him subject to being mistrusted and disliked."

"We were living together, then married and sharing all kinds of things. But we were together for seven years before we combined our [collections of] books."

"Gerry's never met a place where he didn't want to own a house."



*Artist Bill Boyko's rendering of Schwartz (centre), Reisman (second from right) with the children of their first marriages*

Reisman also grew personally close to prominent Conservatives, notably Toronto financier Hal Jackman, former federal finance minister Michael Wilson and both Brian and Mila Mulroney. "Gerry has been involved with just about everybody in power," a top Liberal strategist explains. "But you also have to realize that this stems in part from a strong sense of public service. And that it's real, not fake."

For years, however, few people in the investment community were willing to say the same about Onex. When film stars or foreign royalty came to town, one pension manager says, Schwartz would be on the A-list of movers and shakers everyone would want at the dinner or cocktail party. Yet when it came time to invest clients' capital, he was definitely B-list, because nobody could be certain what Schwartz was up to or how good he might prove to be.

Onex began as a private company financed by a variety of Canadian pension funds, banks and trust companies. Its mission: to seek out and acquire undermanaged companies, preferably ones with brand-name recognition or divisions of large companies. Among Schwartz's early purchases were Purolator Courier Ltd. and AMR's in-flight catering operations, renamed Sky Chefs Inc. Onex then bought up what one Schwartz friend calls "half the U.S. Rust Belt"—rail-car and auto-parts firms—as well as Toronto-based Beatrice Foods Inc. In 1987, Onex went public to great acclaim.

**But then the early** 1990s hit, and the bottom fell out of anything resembling a 1980s-style financial company. Even the pension funds began questioning the large stock dividends Schwartz was drawing out of Onex. Small shareholders, who often miss the fine print in prospectuses, suddenly discovered the chairman was raking in 20 per cent of the increased value of the company and began screaming at annual meetings. Onex's share price, which had started out at $20.50 in 1988, hit $4.75 in 1990. Onex sold Beatrice, at a big profit, but Schwartz's packaging and leasing companies turned out to be more of a challenge than the young company could handle. They were sold at close to or below cost. Yet many acquisitions, including Sky Chefs and Burger King's distribution arm, began to pay off. Schwartz revamped Onex's executive compensation system, making it more conventional. The economy bounced back, but Onex's subsidiaries far outperformed the overall recovery.

Suddenly, Schwartz was on the corporate A-list. He became known as a long-term, patient investor who knew how to create shareholder value—the Warren Buffett of Canada, a guy who did it his way. (People on the Bank of Nova Scotia board, to which he was appointed earlier this year, are waiting for the day when he shows up in his signature black-on-black ensemble, no collar, no tie. So far, he keeps chickening out. "I went to my first bank meeting wearing a suit and tie," Schwartz says. "When I got back to the office, they all said, 'Gerry, you suck.' ") Most important, he has managed to attract what every investment banker dreams of—a stable, collegial group of gung-ho executives. Even Asper says good things. "Gerry," he says, "has built a company out of thin air that is one of the greatest in the country."

These days, the smart money will follow Schwartz anywhere. When he decided to take a run at buying John Labatt Ltd., Schwartz had no trouble persuading the giant Ontario Teachers' Pension Plan Board to back his $2.3-billion takeover plan for the beer, food and entertainment conglomerate. It fell through when Labatt management, miffed by what they saw as Schwartz's high-handed treatment of them, lined up a Belgian brewery willing to pay a great deal more money. This was the biggest disappointment of Schwartz's career. "It hurt," he says. To this day, he beats himself up for listening to outside investment bankers rather than going with his gut instincts.

On Bay Street, however, most people view Schwartz as disciplined for walking away when the Labatt price got too high. And the company's big shareholders like what Schwartz did instead. He offered IBM Canada Ltd. $750 million for its in-house parts manufacturing and service division. Under Onex's management, Celestica Inc., as it is now called, added business lines and signed up new customers. Today, the Toronto-based operation is the No. 3 company of its kind in the world.

**The only problem** with Onex has been that, away from Bay Street, nobody knows what it is. The company is not a household name and lacks brand recognition—a commodity as important in investment circles as in the supermarket. This is what deals such as the airline merger and the Labatt offer Schwartz. These are trophy companies—and taking one over and turning it around can be better than all the investor-relations firms in the world for raising corporate profile, along with that of the founder and CEO. Schwartz, like every executive seeking a high-profile takeover, swears that all he wants out of an airline merger is a good business deal, not personal glory. But when, in the history of the modern corporation, did the two not go together?

Besides, as one friend says, "Gerry likes a bit of glitz." He loves the entertainment business and is close to film producer Robert Lantos and deposed Livent Inc. impresario Garth Drabinsky. Schwartz originally met Barbra Streisand through Onex's stake, now 26 per cent, in Phoenix Pictures Inc., the Hollywood movie studio that made *The Mirror Has Two Faces* and Terrence Malick's was epic, *The Thin Red Line*. (Schwartz and Reisman hit it off with Streisand, who they now see socially in Los Angeles.) Onex also owns 15 per cent of Robert Redford's Sundance Resort in Utah. Showbiz scares the suits in the bank towers silly, and it is the only thing that continues to concern them when it comes to Schwartz. Perhaps this is why he plays the Hollywood thing down—saying that while he and Reisman are still sent tickets for the Academy Awards, they seldom attend.

An airline might not have entertainment's glamour, but it has the public profile. "This is a big issue for Gerry," a pension manager who has been on the inside of some Onex deals says. "What does he want to be the centre of attention: his company or himself? I would say the latter." That sense of recognition for what he has accomplished, the manager says, "that's what his life was missing."

Sitting behind his desk at the end of a long day, in front of a floor-to-ceiling cabinet of family photographs, Schwartz describes another of his motivations: building a solid company. "In every business we've been in, employment is higher than when we started," he says. Sky Chefs had 6,800 employees when Onex bought it; today it has 27,000. Celestica started with 2,500 employees and now has more than 15,000. In the proposed airline merger, Schwartz acknowledges that it's impossible to put Air Canada and Canadian together without job reduction. He insists Onex's takeover bid is about making money for shareholders. But unlike the hordes of downsizers who have swept North American business, Schwartz believes the way to do this is by investing time and capital in the operating business. That, he says, creates jobs. "Everybody's spending all their time talking about whose hand is in whose pocket," he says of the airline proposal. "That's not the issue. The issue is, what can this airline *become*? Combine these two companies, and you'll have a $9-billion, highly profitable domestic franchise that can go out and conquer the world."

In this age of global companies, does it even matter if Canadians continue to control their own airline? "Sure it does," says the man who's accused of fronting American Airlines. "I think Canadians are entitled to see the Maple Leaf go around the world and know that it's Canadian-owned." He is certain a merged national airline could increase its share of the international traffic in and out of Canada to 50 per cent (from 34 per cent now). "That," he says, "is $800 million in new revenue and thousands of Canadian jobs."

All legal and personal attacks aside, Schwartz is determined to find a way to make this deal happen. There's a possibility that Air Canada and its partners will block his proposal by finding an investment bank or a merchant bank to back another bid—but it wouldn't, he says, "be a *real* operating business, not an Onex or a Jimmy Pattison or a Power Corp." Onex officials told *Maclean's* there is flexibility in their financial offer, but it won't be revealed unless Air Canada management comes to the table. And Schwartz says Onex is also ready to do what's necessary to quell fears about the impact on competition, airfares and jobs. If anyone has the skills to manoeuvre a merger through the airline industry's twin perils of politics and seething rivalry, it's Schwartz.

> 'What does he want to be the centre of attention: his company or himself?'

But Schwartz's friends and Bay Street fans are afraid that if Onex doesn't get its airline—especially given his disappointment over Labatt—Schwartz might never stick his neck out again. He says no. For one thing, Onex is too large to keep growing in the same way it has for the past 15 years. It has to chase the big, contentious deals. "I'll tell you something else," he says. "I want to grow. I don't want to get stuck doing the same thing over and over and think I'm the best at it." If this deal fails, Schwartz says that, yes, he'll blame himself. "I'd take it *terribly* personally. It would hurt. But we'll dust ourselves off and we'll come back." And the next time, the next deal, most Canadians, not just the burghers of Bay Street, will know the names Onex—and Gerry Schwartz. m

## Collenette's code

Federal Transport Minister David Collenette last week set out five conditions for any proposal to merge Canada's two national airlines. "The market alone," he added, "will not decide what is in the best interest of Canadians."

The conditions for federal approval

**1. Consumers must be protected.**
**2. Regional services are to be guaranteed.**
**3. Employee rights and concerns are to be addressed.**
**4. Industry competition is to be fostered.**
**5. Effective control must be in Canadian hands.**



Photograph by Fred Ecko

# Solutions in the air

*Plans to merge the country's two largest airlines, Air Canada and Canadian, are moving forward without much in the way of national debate. Maclean's convened a roundtable of Canadians with a special interest in the subject, inviting them to step back from the fray and explore the options—and pitfalls—on the road ahead. The participants:* ***Tae Oum****, professor of aviation policy at the University of British Columbia, Alberta's* ***Don Mazankowski****, the senior minister in Brian Mulroney's Conservative government who privatized Air Canada in 1988, the capstone of a four-year policy of airline deregulation, and* ***Robert Dexter****, the CEO of Maritime Marlin Travel, the largest travel company in Atlantic Canada. They spoke with Senior Writer* ***Robert Sheppard.***

**Maclean's:** *Is this country big enough for two national airlines?*

**Oum:** There is no question we can support two international airlines. Australia, which has a slightly smaller population and has many of the same geographical problems, has two good-sized national and international carriers in Quantas and Ansett Australia. Both are profitable.

**Mazankowski:** I agree. Competition is fundamental. The problem is that both of our airlines fail to demonstrate sound leadership. Both fail to be hard-nosed in dealing with the challenges that a global competitive market presents. If you look at the state of our two major railways, five to eight years ago, they were in a pretty rough state. In the case of CN, it was privatized and restructured, and was turned from a $100-million loss to a $600-million profit in five years. That should be the example we look to here.

**Dexter:** There's one thing we don't always focus on. I don't think size makes all that much difference for an airline. Smaller airlines are successful and larger ones are not. Everyone says Canadian Airlines is dead, and if you look at its balance sheet there is no question it doesn't have any equity and it has a lot of debt. But Continental Airlines in the U.S. went bankrupt twice in the early 1990s, restructured itself and has now become a pretty profitable airline. In 1998, Canadian Airlines lost about $138 million. But it carried 12.5 million passengers. So the loss is only about $11 a passenger. If you let the markets prevail, this may all work itself out.

**Maclean's:** *But with Canadian teetering on the brink of bankruptcy and Air Canada making only a small profit, how do you fix that?*

**Mazankowski:** Well, suppose you let Canadian go down. A few people would take some haircuts. But that is not to suggest the airline wouldn't re-emerge as a viable—perhaps a formidable—carrier.

**Oum:** I have done a lot of productivity studies. Canadian outperforms Air Canada *slightly*. They have lower unit costs and higher productivity than Air Canada. However, when it comes to pricing their services and managing their product, they fail miserably. This is the golden age of air transportation. Everybody is making a lot of money. Even TWA is turning around. So why is Canadian losing money? Air Canada's yield per passenger is almost 28-per-cent higher. I think it is clear that Canadian has been very mismanaged.

**Dexter:** One thing the government has to do is say, 'Look, we're not going to have a monopoly in this country. So why don't the two of you grow up and start competing.' There's no point if there are two competitors in a market—and you're not allowed a monopoly—to keep cutting each other's throat by predatory pricing. But Air Canada still hasn't got it clear in *its* head that it is not going to be allowed to have a monopoly if Canadian fails. Attitudes have to change.

**Maclean's:** *Is the proposal by Toronto-based Onex Corp. to take over Air Canada and merge it with Canadian a viable solution?*

**Mazankowski:** First of all, there is an element of suspicion that surrounds this whole proposal. There is a clear perception that due process has not been followed. What *are* the rules here? Is this proposal driving government policy or does the government have a policy of moving towards a monopoly or duopoly or open competition? Nobody seems to know. Remember, both the Liberal and Conservative governments supported Canadian to allow it to buy some time, to get its house in order—and hopefully for government to deal with some fundamental policy issues. And that has not been done.

**Oum:** If a merger is allowed to go ahead without any other regulatory measures, I would estimate that fares would go up by 30 per cent in the next two years. There is evidence for this in the United States if you look at the markets where there is limited competition. I think this would be a very bad deal for Canadian consumers and for economic efficiency within Canada.

**Dexter:** Regardless of who puts these two airlines together—whether it is Onex or whether Air Canada and its partners come up with a counterbid—the result will have upwards, on a revenue basis, of 90 per cent of the flying in Canada and 75 per cent across the border. So you're creating a real monopoly and nobody can compete with it because, under our current laws, the other large international carriers aren't allowed to come in and fly against it. If you want to start a small regional carrier, a monopoly carrier can immediately send airplanes against you, use predatory pricing or subtle contract rules to knock you out.

**Maclean's:** *The Air Canada Privatization Act sets out a 10-per-cent ownership limit while the Onex proposal calls for American Airlines, the silent partner, to hold 14.9 per cent in a merged airline, and Onex 31 per cent. If Air Canada shareholders accept the offer, should Ottawa accede to these changes?*

**Dexter:** Ottawa should not get focused on the deal. It needs to let the Competition Bureau bring forth a report, to let Parliament's transportation committee do its work and let others come forward with ideas, the same way it did in the banking situation. Onex wants a monopoly that would be exempt from competition rules. If you say 'no monopoly,' I think you will find the parties backing off.



'The problem is that both of our airlines fail to demonstrate sound leadership'

—Mazankowski

**Oum:** If you allow this merger to happen, you will have to allow foreign carriers to pick up and drop off passengers in Canada to create competition and even the playing field.

**Mazankowski:** Also, would it not be unfair to other potential buyers if this deal were to go through as is? The ownership restrictions for Air Canada would have to be legislated out of existence—and that would be done after the fact. You would really be treating other competitive entities in an unfair manner because they wouldn't have had the chance to bid the same way.

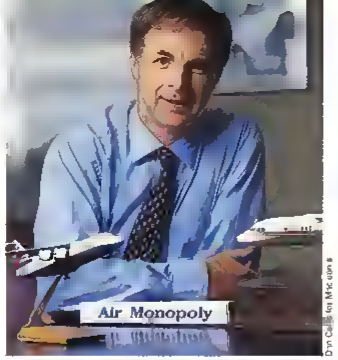
**Maclean's:** *Is the 10-per-cent ownership limit in Air Canada reasonable, especially given that American Airlines owns 25 per cent of the voting stock in Canadian?*

**Mazankowski:** Well, you have the same thing for banks and other financial institutions. I look at the CN privatization, which has been one of the most successful. It has a limit of 15 per cent on individual ownership, but no limit on foreign ownership. The upshot is that roughly 65 per cent is in U.S. hands, but the company is controlled and managed from Canada.

**Dexter:** The key question here is, why are we treating air

'Before we leap onto Air Monopoly, we should be looking at all the alternatives'

—Dexter




Don Calloway for Maclean's

travel differently from any other service? We need competition and we can't treat Canada as an island anymore Wal-Mart has come in Eaton's, unfortunately, has gone. But lots of Canadian companies, like Canadian Tire, are competing successfully. If you open up the ownership rules, maybe someone else would buy Canadian.

**Oum:** That is my preferred solution. I think the government should reject the Onex deal and then remove the foreign ownership limitations on Canadian carriers completely. That clears the way for American Airlines to take over Canadian entirely—and run it somewhat independently, and more efficiently. That could also happen with Air Canada.

**Mazankowski:** Mind you, the limitation of 15 per cent for anyone in CN removes the control issue. No one entity is able to run the show. And it has worked very well.

**Dexter:** I'm not sure why we are afraid of opening the markets to foreign carriers. We could still say if you are



Bayne Stanley for Maclean's

'Who owns the airline doesn't matter. Jobs are created by demand.'

—Oum

Canadian-controlled you will get your share of the international routes that Ottawa negotiates government-to-government. We have to start thinking about consumers. When there is free trade in any industry, consumers win. When you start creating monopolies, consumers lose. What is more important here? That we have competitive air travel for consumers, or that we happen to have two airlines that are Canadian-controlled?

**Maclean's:** *What can be done to guard against rising fares and reduced service?*

**Dexter:** The best way is competition. I'm living here in Atlantic Canada, and when the government deregulated the market, that's when we saw all those small planes flying around. All of a sudden, you had five flights to Fredericton.

**Mazankowski:** And it made good sense from another public policy point of view because they were flying Canadian-built aircraft on those routes.

**Dexter:** Another alternative would be to take the regional carriers, like Air Nova, that feed into the bigger airlines and spin them off. But do it fairly. One of the problems today is that these regional carriers enter into restrictive agreements with the major parent. Right now, if I was a small carrier and flew to Toronto, I couldn't get access to the major carrier, to frequent flyer points and so on.

The model here should be the telecommunications industry. How we got competition in the telephone business was to allow everyone to have access to Bell lines on an equal basis. I would argue right now that Air Canada is already too big. It has about 60 per cent of the market in Canada and there are lots of barriers to setting up regional carriers. Before we leap onto Air Monopoly, we should be looking at all the alternatives to see if we could be creating more competition, not less.

**Mazankowski:** I couldn't agree more.

**Maclean's:** *What should Ottawa be doing that it hasn't done?*

**Oum:** The government made a major mistake at the outset by making the competition policy inactive. They should be ashamed of themselves. Consumer input is very important. Both Canadian Airlines and Air Canada would like to have a monopoly. But I still think the key option is for Canada to reject any merger proposal and lift the foreign ownership restrictions so domestic airlines can be taken over by whomever. Who owns the airline doesn't matter. Jobs are created by demand.

**Dexter:** I spent two hours on a conference call with the Competition Bureau people the other day and I can tell you they have lots of ideas about this and they're pretty frustrated. Let them report, let Parliament's transportation committee put out a report. So far, everything has been done in secret. If people start to understand the alternatives, then we can move forward.

**Mazankowski:** The government's got to clear the air. A number of issues must be clarified: foreign ownership limits, individual ownership limits, the secrecy surrounding the competition law. Is the government in favour of a monopoly? There have been some interesting concepts advanced by this group today. Some may have validity, some may not. But it certainly suggests that we are not short of solutions here. m



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# The pension knot

## A high-court ruling confounds divorcing couples



Wayne Hebert/Ottawa Citizen

*Ted Best: won a protracted legal battle*

**By Jennifer Hunter**

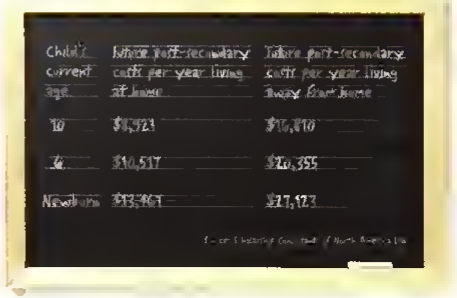
**In 1988, an** Ottawa couple, Ted and Marlene Best, both 52, separated after 12 years of marriage. They divorced and equitably divided their marital assets, but could not agree on how to divvy up Ted's pension, which was valued at $425,000 upon separation. Ted had worked for nearly 21 years at the Ottawa Board of Education before marrying Marlene, his second wife. Marlene, plagued by poor health, had stayed home during the marriage, keeping house for Ted, who later became chairman of the school board. Unable to resolve the question of Ted's pension, the Bests spent 10 years in court before the case finally reached the Supreme Court of Canada earlier this year.

Ted's lawyers contended that Marlene's share of the pension should be based on the number of years the Bests were married, using a pro rata method that assumes a pension grows at the same rate each year. Marlene argued a pension plan increases in value slowly at first, but then grows quickly as contributions are made and earnings are compounded. In 1997, the Ontario Court of Appeal had upheld a lower court ruling that awarded Marlene $147,650. Ted appealed and when the Supreme Court heard the case in February, the nine justices had to wade through actuarial data to figure out how to divide Best's pension. "The many issues raised by pension valuation in equalization calculations are complex and deserve legislative attention," the justices noted in July's written decision. But ultimately—with Justice Claire L'Heureux-Dubé dissenting—they overturned the appeal court's decision and sided with Ted. Marlene, they ruled, was entitled to about $75,000.

Pension plans are among a couple's most valuable assets, sometimes worth more even than the matrimonial home. So the Supreme Court decision has caused much debate among pension experts—and could have far-reaching consequences for divorcing couples, particularly in Ontario where the Pension Benefits Act does not specify how to value such funds. Those most affected will be wives and husbands who have no pension plans but are married to spouses with defined-benefit plans, which are based on a percentage of the average salary earned during the past few years of work times the number of years of service. (Most pension plan members in Canada have defined-benefit plans.)

Toronto actuary Mel Norton finds the Supreme Court's decision trou-

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bling. "They came up with a ruling that can be viewed as storefront justice in the Old West," he says. "They forced a solution they believed was equitable, but it was only equitable for that couple, not for the general public. Their decision was too narrow." Ottawa actuary Wayne Woods, who worked for Marlene Best, says the ruling will have a tremendous impact on women who leave careers to stay home and raise families. Woods, who heads a task force looking into the division of pension benefits for the Canadian Institute of Actuaries, calls the ruling "another nail in the coffin for women." The real loser in the Best case, he adds, was Ted's first wife who received no share at all of his pension.

At first glance, the actuaries suggest, it is easy to understand why the Supreme Court might have seen things Ted Best's way. "Ted contributed to his pension plan for a long period before he married Marlene," says Woods. "But if the Supreme Court had a more typical situation, a case where the man had contributed to his pension for only five or six years before the couple married, would the court have come to the same conclusion?" The ruling, the actuaries say, means defined-benefit pension plans can be treated differently than other assets at the time of marriage breakdown. "I don't understand why the Supreme Court chose to do this," Norton says. "It seems illogical."

In the case of a registered retirement savings plan, the growth in the value during marriage is shared. For stock portfolios and other assets, it's the same. Even defined-contribution pension plans—which are similar in structure to RRSPs—are divided exactly when a marriage ends. "As an actuary," says Woods, "I don't see why these two different types of pension plans would be treated differently."

Woods says he has been "branded a feminist," but he believes that pensions should be divided equitably at the time of separation. He cites the recent case of two teachers who married. Shortly after the wedding, the woman decided to give up her job and




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withdrew her pension funds to put a down payment on a house. (Such withdrawals are no longer allowed under the law) When the marriage dissolved two decades later, the house was an asset shared equally, but the man was able to keep the portion of the pension he had accumulated before the marriage without having to split it with his former spouse. "The wife got a triple whammy," says Woods. "She not only loses her pension, which she used for the down payment, she loses part of the increase in the value of his pension. And she has to split the proceeds of her pension because the matrimonial house is split 50-50."

Norton does not see the Best decision as a gender issue. He points out that the richest pension plans are those in the public sector, whose members are at least 50-per-cent women and could benefit from the Supreme Court ruling. But he believes the high court did not take into account that during the Bests' 12-year marriage, Ted had a financial asset that grew substantially. "Growth of any other asset he acquired during that time would have been shareable," Norton says. The ruling has a significant impact on couples who marry in mid-career and have already contributed for a number of years to their pensions, he adds.

Pension plans are treated differently across the country as each province has its own family law act and pension benefit legislation. British Columbia and Newfoundland have laws that would have favoured Marlene Best. Quebec and Manitoba laws favour the plan holder. Montreal actuary Denis Guertin believes all the laws should be harmonized. "A divorcing couple living in Hull and a divorcing couple living in Ottawa are treated completely differently," he says. "It's not fair."

For now, the actuaries can offer little counsel to couples who worry about how to share pension benefits after divorce. They say a prenuptial agreement could spell out how this asset should be divided if the marriage dissolves. Woods says his best advice is "to stay married." It's really the only way to keep the benefits all in the family. ■


# INTERNET

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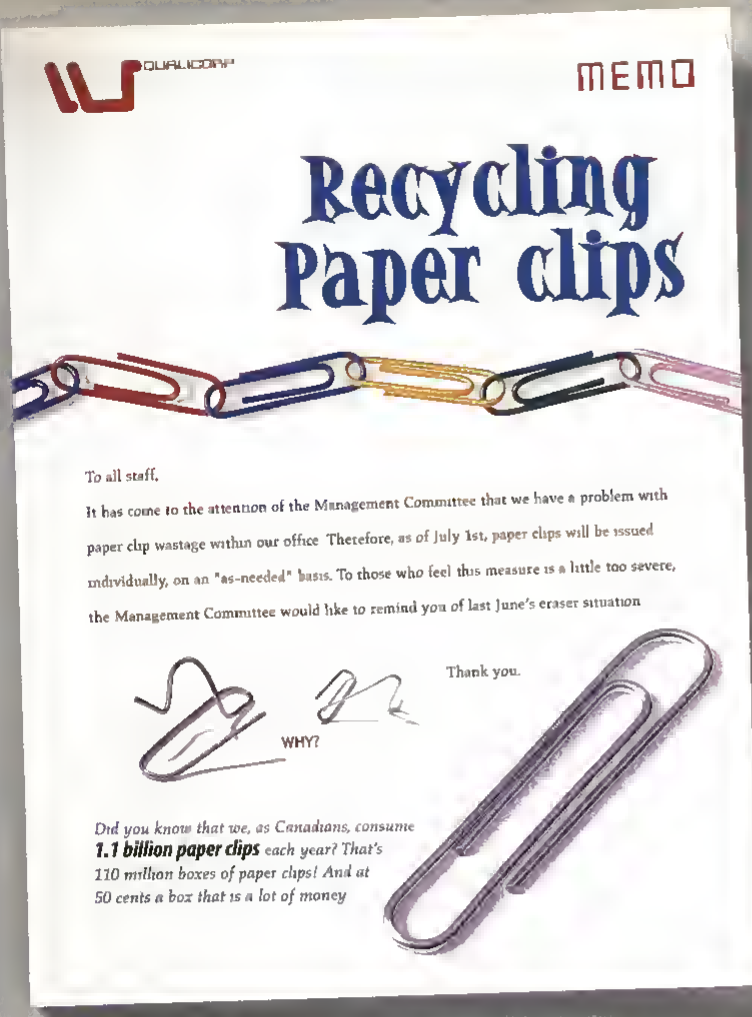
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# Business Notes

## Teleglobe takes another hit

Investors punished the stock of Teleglobe Inc., Canada's largest international long-distance carrier, after the firm issued its second profit warning in two months. Teleglobe now says its 1999 profit will be 70 to 73 cents per share, about half of what it had originally predicted. After the warning, Teleglobe's shares fell nine per cent, but rebounded on Friday, climbing $2.80 to close the week at $25.50.

## On the hunt for Sympatico

Bell Canada is negotiating with BCT.Telus Communications Inc. to acquire the firm's 16.2-per-cent stake in MediaLinx Interactive LP, which operates the Sympatico.ca Web site. Bell wants full control of Sympatico.ca so that it can strike a deal with a U.S. Web site to create a North American electronic commerce and content powerhouse. The deal is expected to close by year-end.

## Eaton's request granted

An Ontario judge granted T. Eaton Co.'s request to switch from protection under the Bankruptcy and Insolvency Act to now operate under the Companies' Creditors Arrangement Act. The move allows Eaton's to more easily arrange its affairs, pay creditors some of the $330 million it owes them, and was a condition of Sears Canada Inc.'s offer to buy up to 13 of Eaton's stores.

## Cutback time at the Royal

The Royal Bank says it will eliminate "several thousand jobs" over the next 18 months, although the number of employees who will be laid off is not clear. According to a spokesman, no target has been set. The Royal says many of the posts will be lost through attrition. So far this fiscal year, the Royal has cut 1,222 jobs.

## A silver lining for Bill Gates

The world's richest man, Microsoft chairman Bill Gates, has invested about $22 million in Vancouver-based Pan American Silver Corp. The cash infusion by Gates's Cascade Investment LLC was revealed last week in a regulatory filing. Gates now owns about 10 per cent of the mining firm.

## Gold regains some lustre

**Reality and profit-taking** settled in among gold investors as the price of the precious metal fell following heady gains earlier in the week. A remarkable surge in gold's price was sparked by Europe's 15 major central banks, which on Sept. 26 pledged not to sell off their gold reserves for five years. Sales of gold by central banks this summer helped push its price to a 20-year low of $252.80 (U.S.) on July 20. Following the banks' announcement, investors on Monday drove gold up to $281.80 (U.S.) an ounce, up $14 (U.S.) in one day. By Tuesday, gold skyrocketed to close at $308 (U.S.), marking its biggest single-day gain in 15 years when it traded as high as $327.30 (U.S.). But investors began selling, leaving gold to close the week at $303.70 (U.S.).



Sotamy Takahashi/Reuters

*Assessing gold in Tokyo: better times*

The European banks' decision was partly the result of key lobbying by former prime minister Brian Mulroney, a director of Barrick Gold Corp., and former Bank of Canada governor John Crow, a director of mining firm Placer Dome Inc. Gold's resurgence rekindled hope in mining communities that have seen production slowed or halted entirely because of its low price.

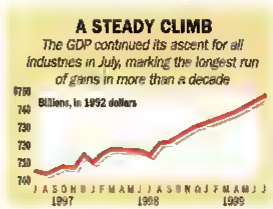
## Bell opts to settle pay-equity case

**Bell Canada** agreed to pay 20,000 past and present employees, most of them women, $59 million to settle a long-standing pay-equity dispute. The tentative deal, which averages $2,950 per worker, will be put to a vote by the end of October. (The employees had sought 10-per-cent pay increases retroactive to 1992.) In 1994, operators and clerks launched a human-rights case seeking parity with Bell's mostly male technicians. In July, the Supreme Court of Canada refused to hear an appeal by Bell.

## Financial outlook

**While he shares** rosy forecasts for the economy next year, Warren Jestin, Scotiabank's chief economist, sees the Y2K bug causing sporadic computer-related problems, which in turn will create some economic turbulence for the next six months. "With Y2K uncertainties prompting a temporary parking of funds in highly liquid government securities," Jestin says, "it is likely investors will become increasingly nervous towards year-end."

Still, Jestin expects the economy to grow 3.6 per cent this year and 3.2 per cent in 2000. Meanwhile, Statistics Canada reported that the gross domestic product grew 0.4 per cent in July, the 12th-straight monthly rise, and the longest string of increases in more than a decade.





## Ross Laver

# The mouth that roared

**Scott McNealy** gets in your face. The CEO of Sun Microsystems Inc., one of the world's most successful technology companies, is loud, rude and frequently obnoxious. He mocks his chief competitor, Microsoft chairman Bill Gates, as "Billy Big Bucks," and tosses out jokes that the average Silicon Valley propellerhead would be too embarrassed to tell his mother.

The top 10 signs that your pacemaker is running Windows?

"You have to reboot during sex," says McNealy, breaking into a malicious grin.

"Your wife starts calling you Micro Soft."

"The guy from tech support wears rubber gloves."

"Control-alt-delete is accomplished by a new sequence: bend over, cough and grimace."

And so on—a litany of cheap shots and one-liners guaranteed to keep audiences on the lukewarm-chicken-and-glutinous-gravy circuit in stitches

Why does McNealy, who claims to be a shy man at heart, do it? Because it gets attention. Many of the corporate bigwigs who sign order forms for Sun products wouldn't know a $25,000 computer server from an espresso machine. Yet McNealy's antics, the outlandish statements and crude insults, ensure that Sun's brand enjoys high visibility. And that, in turn, sells computer hardware and software—$17.2 billion worth in the pan 12 months



*McNealy, taking on 'Billy Big Bucks'*

Two years ago, when Sun was trying to sell corporate America on Java, a software language invented by Alberta native and Sun vice-president James Gosling, McNealy flew from his office in Palo Alto, Calif., to New York City to meet the editors of *Fortune* magazine. He was frustrated by the publication's habit of running frequent cover stories on Gates, whose gawky image sells more business magazines in the United States than any other chief executive. "What do I gotta do to get on the cover?" McNealy demanded. "I'll do anything."

"Will you wear a Superman outfit with a Java ring?" one of the editors asked.

Sure, McNealy replied. Three days later, he recalls, "they sent a photographer out and we had the cover. That cost me about an hour to do the shoot. And a little dignity, but that ain't so expensive. We got a wonderful article out of it."

These days, McNealy is on the speaking circuit to promote his company's latest innovation, a sleek little box called the Sun Ray 1 enterprise appliance into which users plug a keyboard, a mouse and a display screen. It's a bit like a computer, only it isn't a computer at all because the $800 roachine has no processing power. Instead, the Sun Ray is designed to be connected to an office network and through that to a central server, which stores all of the files and runs all the software. Sun claims the system is cheaper, easier to maintain and more efficient than the current approach of giving every worker his or her own desktop computer loaded with software. Of course, it also has the advantage of creating more demand for Sun servers.

The technical term for the Sun Ray is a "thin client," although it's really just an updated version of an old computer terminal running off a mainframe. Some industry analysts and journalists have criticized it on that basis, but McNealy is unfazed. "The more controversial your strategy is, the bigger chance you have of making money," he says after a day spent wooing prospective customers in Toronto. "I mean, if everybody thinks breathing is a good idea, how do you differentiate yourself in the market? So I want everybody to think it's a dumb idea. I do. There's plenty of time and the customers will decide, not some writer who doesn't know."

**While he's in Canada,** McNealy also has some characteristically pointed advice for Prime Minister Jean Chrétien: stop pretending that the brain drain and high taxes are not both serious problems. "I'm not going to tell anybody how to go run their country," he says, before rhyming off a list of Canadian engineers who now occupy senior positions at Sun in California. "So we're just gonna blame [Canada's problems] on being a small market? That's a cop-out, and people have got to figure that out."

Something else Ottawa has to figure out is that the Internet is changing all of the rules of business, rendering tens of thousands of old-economy jobs obsolete. "When you shut down 10 bank branches, you can't have the government go nuts all of a sudden, saying jobs are guaranteed here. There are no guarantees—except that if you work hard and keep yourself up to speed you're probably going to do OK." By the sound of things, he's not trying to be funny.






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# All Gretzky, all the time

## The Great One still basks in the limelight



Mike Blake-Reuters

*Gretzky with wife Janet and children Trevor (left), Paulina and Ty farewell No. 99*

They were loving **Wayne Gretzky** in Edmonton last week. First, thousands of fans attended a lunchtime ceremony amid snowflurries where civic officials unveiled a freeway named after the retired hockey superstar Then, at Skyreach Centre before a game between the hometown Oilers (Gretzky's first NHL team) and the New York Rangers (his last), a standing-room-only crowd of 17,000-plus cheered as The Great One's No 99 was raised to the rafters. "The years here have been nothing but wonderful, nothing but great," Gretzky told his adoring fans.

In retirement, Gretzky, 38, remains very much in view. He was honorary chairman of last summer's Open Ice hockey conference and he has played in several celebrity golf tournaments. He has also signed lucrative endorsement deals to pitch everything from painkillers to winter tires. Experts say those sponsorships are worth at least as much annually as his $6-million (U.S.) salary with the Rangers last season, but they do not make him the sports world's best-paid retiree. **Michael Jordan**, ex of the Chicago Bulls, boasts 24 endorsement contracts Gretzky, to this point, only has 11

# The ordinary Hollywood star



Peter Thomasson for Maclean s

*Greenwood, an 'off-the-shelf' face*

**Bruce Greenwood** is possibly one of the busiest Canadian actors—but he is also one of the least recognized. "It's my off-the-shelf face," jokes the 43-year-old who grew up in Vancouver. Besides starring in **Atom Egoyan**'s *Exotica* and *The Sweet Hereafter*, Greenwood has been a staple in television movies and series But it was his role as a grieving father in *The Sweet Hereafter* that made Hollywood take notice of his big-screen style. Now, Greenwood has his highest-profile role yet in the big-budget film *Double Jeopardy*, co-starring **Tommy Lee Jones** and **Ashley Judd**. Greenwood shines as a double-dealing husband who frames his wife for his murder. "The guy is a complete scumbag," he says, adding with a smile, "I just based it on a couple of guys that I have done business with."

Greenwood hadn't considered a career in acting until he took a couple of drama classes at the University of British Columbia "as easy credits." He quickly became hooked and took to the stage. Between local theatre gigs, he would make ends meet with "straight jobs," such as collecting scrap metal. In 1985, he and his wife, Susan, moved to Los Angeles and Greenwood started getting regular TV parts He is currently shooting his most challenging film role as President Kennedy in the thriller *13 Days*, based on the Cuban missile crisis. "I'm still working," says Greenwood, "on getting the accent right."

# Putting teachers to the test

By John Schofield

**For as long** as he can remember, Leon Barrett wanted to be a teacher. Maybe it's genetic: his grandmother taught for years in the small Jamaican community of St. Elizabeth, where he grew up, and seven of his nine siblings pursued the same career. Or maybe it has to do with his own passion for learning. Barrett, a Grade 3 teacher in Brampton, Ont., earned his master's degree in 1980, and is currently working towards a doctorate in curriculum studies. But if Ontario Premier Mike Harris has his way, those qualifications may not be enough. Harris has vowed that Ontario will be the first jurisdiction in Canada to regularly test all teachers on their subject knowledge and skills, with the procedure slated to begin next June. To date, little is known about just how the exercise will work, beyond the fact that it will include a written component. But the spectre of a proficiency exam has the province's 120,000 teachers scratching their heads. "There are things in teaching that you can't put on paper," says Barrett, 48. "Nobody seems to know exactly what they have in mind."



Rick Grant for Maclean's

*Barrett in his Grade 3 class: 'There are things in teaching you can't put on paper'*

## In a bid to make education more accountable, testing has moved to the head of the class

The decision to test Ontario teachers is part of a larger trend to make public education more accountable. In a much-debated bid to boost academic standards, testing of both teachers and students is in vogue right across North America. In the U.S. presidential campaign, both Vice-President Al Gore and Texas Gov. George W. Bush are trumpeting the importance of educational standards and teacher accountability. But there has been bitter opposition in the handful of American states that have experimented with teacher testing. Hundreds marched on the Massachusetts legislature in June, protesting a teacher-testing proposal. In July, the Canadian Teachers' Federation passed a resolution roundly rejecting mandatory teacher testing in favour of voluntary professional development programs. But Janet Ecker, Ontario's minister of education, is unapologetic: "The goal is to make sure that teachers are as good as they can be. It's meant to be a form of quality assurance."

For many teachers, the litmus test of proficiency has become the performance of their own students on standardized tests. Last month, teachers in Denver voted to approve a two-year pilot program that links pay raises to student performance. The groundbreaking scheme would entitle teachers to annual bonuses of up to $2,200 if their students post improved scores. The plan has drawn fire for fostering a competitive environment, prompting the best teachers to seek employment in affluent neighbourhoods, where students traditionally test well.

Ontario's Tories have already proven their own love for testing. Students in Grades 3 and 6 now write annual standardized tests in math and language skills. As of next fall, students will have to pass a Grade 10-level literacy test to graduate from high school. But Harris's sweeping reforms have left teachers bruised and battle weary. Since 1995, the government has amalgamated school boards and stripped them of their taxing powers, introduced a back-to-basics curriculum, and fought teachers' strikes. Last week, the government-appointed Education Improvement Commission recommended that school boards should face direct intervention by the province if students fail to meet performance standards. It also called for the formation of another agency to grant or deny accreditation of school boards based on student achievement. "They've done a great job of inflaming the public," says Greg Lorentz, a teaching consultant with the Peel District School Board, west of Toronto. "It's hard for me to go to a party now, even in my own family, and not be picked on."

Ontario's latest plan holds a different threat over teachers' heads: the possibility of mandatory remedial classes. Teacher testing would add yet another layer to an already rigorous series of professional safeguards. Those admitted to Ontario's faculties of education must have an undergraduate degree. After being certified, teachers face a probationary period of up to two years, during which they are given at least two in-depth evaluations. These gauge their mastery of the curriculum, rapport with students, interest in professional development and a host of other skills. Subsequent evaluations take place every one to five years, depending on the school board.

Teachers must earn additional certification to handle higher grade levels or to specialize in other subject areas. Many boards also require them to submit annual "professional growth plans," outlining courses they wish to take and other teaching goals. Alberta has implemented the same practice across the province. Such requirements have turned many teachers into keen consumers of professional development programs. A national study conducted earlier this year for the Canadian Teachers' Federation found that 85 per cent of teachers questioned had completed a formal course or workshop in the past year, compared with 60 per cent of the general labour force. Participation in professional development programs actually increased with a teacher's years of service, the survey reported.

Still, Ecker believes that written tests are the only way to prove that such knowledge has been absorbed. She sees testing as an essential part of a larger evaluation process that would not only assess a teacher's grasp of basic skills and their subject knowledge, but also their ability to teach. In the coming months, Ecker plans to consult with teachers, principals, board officials and the province's college of teachers on what form a written test should take.

She is blazing a lonely trail. In 1985, Bill Clinton, then governor of Arkansas, introduced a mandatory skills test for the state's 37,000 teachers. Just over three per cent failed, but the exercise was so contentious that it was dropped. Texas had a similar experience in the mid-1980s. As an alternative, 45 states have shifted their focus to certification exams for new teachers. In Massachusetts, 43 per cent of new teachers failed the three-part state certification exam in June. As a result, Gov. Paul Cellucci has proposed that colleges be stripped of their accreditation if fewer than 80 per cent of grads pass the certification tests. A similar policy is already in effect in such states as Texas, Florida and New York.

Many experts agree that topflight training is the best guarantee of excellence. But Ontario's Harris has been slow to support that approach, says Rebecca Priegert Coulter, associate dean of education at the University of Western Ontario. Since 1995, Western has been ready to replace its one-year teacher-training program with a two-year alternative. Nova Scotia, Prince Edward Island, New Brunswick and Manitoba have already adopted two-year programs. But the Ontario government has failed to provide the extra funding, and a looming teacher shortage will likely keep the initiative on the back burner.

Similarly, the Harris government introduced a tougher elementary-school curriculum last year without ensuring that teachers had the training to handle its increased emphasis on math and science. According to the province's Educational Quality and Accountability Office, only nine per cent of Grade 6 teachers have taken a university math course. "Ontario's gone a bit test crazy," says Priegert Coulter. "Teacher testing is just a simplistic gloss on what the real problems are." Ultimately, she argues, even the best teachers flounder when faced with swelling class sizes, shrinking resources and poor support for special-needs students. And in the end, dealing with those issues could be the biggest test of all.

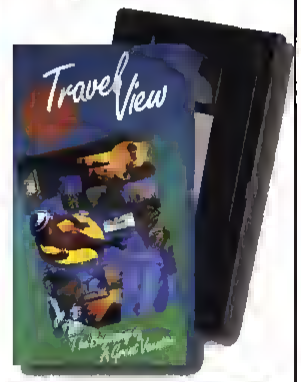


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*Handing out insect repellent in New York City: at least five encephalitis deaths*

# Deadly bugs

## A dangerous virus surfaces in North America

**Over the past decade**, medical experts have repeatedly warned of a dark downside to jet travel and booming international trade—they make it all too easy for potentially lethal agents like HIV, Hanta viruses and exotic strains of influenza to get around in the global village. Now, medical authorities suspect the arrival in North America of a worrisome virus previously found in Africa, parts of Europe and Asia. In New York City and the surrounding region, officials reported that what they called a West Nile-like encephalitis virus had infected at least 47 people—and killed five elderly New Yorkers. As well, a 75-year-old Canadian who reportedly spent part of September in the New York City borough of Queens, came down with a fever and headaches after returning to Toronto, and died on Sept. 25. "I take this virus very seriously," said Dr. Harvey Artsob, a senior official at the Health Canada laboratories in Winnipeg, where blood samples from the dead man were examined. "It could take root in the Americas, including Canada—and in the southern areas where Canadians like to go in the winter."

The outbreak prompted a Health Canada advisory warning Canadians heading for the Big Apple to take precautions, especially at night when mosquitoes—which pick up the virus by feeding on infected birds—are most active. Could West Nile become a threat in Canada? "It's certainly a possibility," said Dr. Kevin Kain, a tropical disease expert in Toronto. "The virus is carried by birds, and birds don't have to check in when they cross borders."



*Examining mosquitoes in a New York lab: human carrier*

In New York, where the first infections were attributed to the more familiar—and deadlier—St. Louis encephalitis virus, city health officials battled the invader by sending fleets of chartered helicopters aloft to blanket the city with insecticides. On the ground, municipal employees and volunteers distributed half a million cans of free insect repellent through fire stations and community organizations. And as migratory birds began heading south for the winter, health authorities in the southern United States braced for possible outbreaks in a region already battered by hurricanes and torrential rain.

At the same time, in an effort to identify the carrier of the virus, state and federal wildlife workers scoured areas around New York and along the eastern U.S. seaboard for dead birds. Artsob said that in Canada, the hunt for birds that might even now be carrying the virus would not begin until next spring. The crucial question, he added, is whether mosquitoes, which die off during the winter, can pass the virus on to offspring through eggs that will hatch in the spring.

Like the St. Louis virus, the West Nile variety can cause inflammation of the brain leading to seizures, paralysis and death. More often, the virus causes only minor symptoms such as a mild fever or sore muscles. But, as the New York outbreak showed, older people are particularly at risk. Just how the virus, which was first reported in Uganda 62 years ago, could have reached North America may never be known—the entry route could have been through the often illegal trade in exotic birds, or by infected insects carried aboard aircraft in luggage or parcels.

Some experts think the carrier was probably human. "An infected traveller could have arrived here and passed the virus on to local mosquitoes," says Dickson Despommier, a microbiologist at Columbia University in New York City. "That could quickly escalate into the kind of outbreak we've had"—and could face again, if the unwelcome newcomer manages to take up residence in the Americas.

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Charles Gordon

# When irony becomes cynicism

**One of the best** of the crop of new movies, *The Dinner Game*, is a telling assault on the ironic sensibility. In it, a group of smart and wealthy Parisian men compete at their regular dinners to see who can bring along the most idiotic and boring guest, the guests not realizing they are being used in this way. The film-maker, Francis Veber, turns the tables on the wealthy men, which is heartwarming, not only for the movie audience, but for anyone who is tired of the empty cleverness that passes for pop culture, not to mention conversation, these days.

One of Canada's most perceptive columnists, Robert Fulford, hosted a discussion of irony in his *Globe and Mail* column the other day. Although he hesitated himself to join the anti-irony forces, he did give exposure to the persuasive views of those who deplore the prevalence of this voice in our society today. The term, which everyone uses, is difficult to define. The Samuel Johnson definition, quoted by Fulford, is: "A mode of speech in which the meaning is contrary to the words." The Oxford dictionary adds: "a literary technique in which the audience can perceive hidden meanings unknown to the characters." In today's context, irony is a sensibility that values cleverness and style above passion and commitment. It attacks bad taste by seeming to celebrate it. It mocks devotion to important causes by feigning devotion to trivial causes. It ridicules politics and lauds garage sales.

Which makes it sound pretty awful, and it can be. Take almost any episode of the much-celebrated *Seinfeld* television show and try to find anything more important than the lineup at a bagel store being discussed. At the same time, as Fulford points out, there is a line between irony and cheap cynicism that not everyone finds easily. The skilful ironist, one who uses the form as a weapon rather than an instrument of self-amusement, does society a service. Take a listen, for example, to the singer-pianist Patricia Barber doing Paul Anka's *She's a Lady*, a song made famous by the macho singer Tom Jones. Someone without irony might attack the song, solemnly pointing out the flaws in such lyrics as, "Well, she's never in the way, always something nice to say, she's a blessing." Barber just sings them, and the effect is savage.

Our attachment to irony probably began as a retreat from corniness. There is so much phoney emotion around, so many bogus tears, so much calculated tugging at the heartstrings, so much Celine Dion and Kenny G that it is only natural that there would be a counterreaction, an attempt to keep one's distance. Art of quality, from the movie *Shakespeare in Love* to the songs of the Barenaked Ladies, has come out of the ironic sensibility.

But you can get sick of it when that's all there is. You get tired of people not saying what they really think, tired of the automatic mocking of anybody who actually cares about anything. Journalists, in their off-stage moments, are experts at this. Listen to an eloquent political leader give a powerful speech that moves the delegates at a convention and then seek out the opinion of a veteran journalist. "What a piece of crap," he'll say, giving you a sudden urge to join the Reform party, or join *anything*.

Today's politicians, ironists as well, have to take some of the blame. They have convinced us, over the past 20 years, that government doesn't matter much, and it is little wonder after a while that we take them at their word. The problem is that our attitude to these politicians has become not one of anger, but one of amused cynicism and irony. As several recent elections have shown, we will never get rid of them that way.

**We are paying** the price for this romance with irony. The recent surge in support for country music may well reflect a longing for words that mean what they say. That would suggest that the alternative to irony is songs about trucks, that there is nothing between the I-never-mean-what-I-say smugness of David Letterman and the gooeyness of Forrest Gump. Fortunately, it's not so. Quality is possible without irony; emotion is possible without gushiness. The best art, high and pop, finds a middle way.

There is an appetite for this, despite the preponderance of movies and novels in which no character and no idea can be found to admire. A novel that has crept onto the Canadian best-seller lists recently is David Macfarlane's *Summer Gone*. It is a novel that, while knowing and intricately constructed, is full of honest emotion and people are buying it.

At the end of summer a few years ago, Doug Whiteway, a Winnipeg writer, commented with relief in the *Globe* on the return from holidays of then-*Morningside* host Peter Gzowski. Whiteway had heard a summer's worth of irony, "invisible quotation marks . . . put around half of what is said," and was looking forward to hearing someone with a genuine enthusiasm for the subjects he was discussing. That probably is the explanation for Gzowski's enormous popularity in this country. In a way, he is without irony. He doesn't keep his emotional distance. But at the same time, he doesn't insult the intelligence of his listeners.

Ironically, just when the audience senses the approach of a sugary happy ending in *The Dinner Game*, the director gives the plot an ironic twist. It is absolutely necessary, but we still leave the theatre smiling.

*Charles Gordon is a columnist with* The Ottawa Citizen

# Northern Exposure




*De Govia leading a Hollywood protest rally in August; Hayek (opposite) at a recent movie première in Los Angeles' vitriol*



By Jennifer Hunter

**Hollywood star** Salma Hayek can be heard skittering, *clickety-clack*, across the pavement of the studio lot in her three-inch spike-heeled sandals. Heads turn, not only in response to the sound, but to the vision of the sultry 31-year-old actress in her clinging, spaghetti-strap shift, her burnished bare legs, her shiny mahogany hair spun into a tight French knot. She is as much of an eyeful off-screen as on. But as she whisks by, Hayek remains indifferent to the gawkers, rapt in conversation with her dialect coach, who is trying to help camouflage her Mexican accent, by flattening the diphthongs and sharpening the j's. Hayek has been cast in the role of a police detective named Meredith Kolko in the comedy-adventure film *Chain of Fools*, and she needs to sound as American as possible.

*Chain of Fools*, also featuring actors Steve Zahn and Jeff Goldblum, started filming in June, with a budget of $30 million, financed by Bel-Air Entertainment of Los Angeles. There are 287 people on the payroll and 262 of them are Canadian. Five years ago, a movie like this would have been made in Hollywood, but these days, when major studios and television networks are run by Wall Street-listed companies fixated on the bottom line, *Chain of Fools* was shot at Lions Gate Studios in North Vancouver. Indeed, August and September were busy months at Lions Gate and other Vancouver studios. Chris Carter's television series *Harsh Realm* was filming; Brian De Palma was directing Walt Disney Company's $146-million flick *Mission to Mars*; Sharon Stone was wrapping up *Beautiful Joe*. Throughout the city, eight features were being filmed, 13 television movies were in production, most for U.S. cable networks, and 14 television series were being shot, nine for U.S. companies such as NBC and Columbia TriStar Television.

British Columbia's unflappable minister of small business, tourism and culture, Ian Waddell, boasts there will be $1 billion worth of film and television production in his province this year. Almost two-thirds of that comes from U.S. sources, and every time Waddell opens his mouth to crow about it film crews in California spume with anger. They say they are losing jobs because Hollywood is shifting work to such places as Vancouver, Toronto and Montreal. They say "runaway productions"—film and television projects shot in less expensive locales, including Canada, Australia and Ireland—are threatening the health of the 90-year-old U.S. movie industry. Most of their vitriol is directed towards Canada, with its generous provincial and federal tax breaks to foreign and domestic film companies, its low dollar and its able film crews.

**Rarely a week** goes by when there isn't an article or letter on the controversial subject in the *Hollywood Reporter* or the *Los Angeles Times*. Hostile ads decrying Canada are appearing in trade publications: "Canadian filmmaking sucks," reads one in *Location Update*. "It sucked $900,000,000 of American filmmaking dollars into Vancouver, B.C., alone." Canadian exhibitors have been verbally abused at film trade shows in the United States. Rallies in California have drawn thousands of stunt artists, production designers and other "below-the-line" workers—those working under the lead

## More TV shows and movies are being filmed in Canada–despite Hollywood's complair

stars, directors and screenwriters—to protest the migration of production to Canada and elsewhere. The unions say they are blocked from working north of the 49th parallel because it is hard to get visas and because of federal and provincial tax credits that favour hiring Canadians. "We're facing the tactics of a so-called friendly neighbour attempting to buy a fully mature industry," argues Hollywood art director Jack De Govia, who heads a grassroots organization, the Film and Television Action Committee, and has organized the rallies. "We think this is a terrible thing you're doing."

De Govia's group and others such as the Screen Actors Guild and the Directors Guild of America are pressuring California and Washington politicians to make it more attractive economically to make films at home by issuing their own tax credits. But there is political resistance to tax credits in free-enterprise California, and the state assembly has not made them a priority. Besides, California's own figures show employment is on the rise in the U.S. entertainment industry, and the state hosts 70 per cent of all feature production starts in the country—six times the amount of Canada, Australia and the United Kingdom combined. But U.S. film unions say they will keep pushing for tax breaks, and point to their own study published in June that claims there were $4.1 billion in runaway productions in 1998, the lion's share going to Canada. The study claimed economic impact totalled $15 billion, including the loss of 20,000 full-time jobs.

While the Canadian equivalent of SAG—ACTRA Performers Guild—has been reluctant to weigh into the debate, Toronto director Allan King, who heads the Directors Guild of Canada, shows no such reticence. He has issued a spate of



*Making Vancouver in May look like December during a film shoot: varied scenery*

letters and editorials published in the *Los Angeles Times* that pick apart the SAG-DGA study. "To suggest Canada poses any threat to Hollywood-based production is, to anyone familiar with what is really happening, a bit far-fetched," King wrote. A closer approximation of how much money flows into Canada from foreign location shooting is $573 million in 1998, a sum determined by PricewaterhouseCoopers, and one, he argues, that accounts for only two per cent of all Hollywood-based production. "If this was the automobile industry, could you imagine such a fuss?" King told *Maclean's*. "GM makes cars in Britain, Germany and Australia. No one makes a to-do about that. But when people want a scapegoat it's very hard to stop them." James Shavick of Vancouver's Shavick Entertainment Inc. agrees. No matter how sophisticated the Canadian arguments, U.S. unions will never be persuaded, Shavick says. "Protectionism," he notes, "is an ugly thing."

The degree of friction is measured, too, by reports from Canadian crews that they are called "ice niggers" or "Mexicans in tuques" by some Americans filming in Canada. "People have been afraid to complain," says Tom Adair of the B.C. Council of Film Unions. "If you're perceived as a troublemaker you may not get hired again." The argument over runaway production has even been carried to Washington, where Canadian Ambassador Raymond Chrétien has corresponded with California Congressman Howard Berman. "Hollywood's leadership is not threatened," Chrétien wrote to Berman. "But as foreign markets become ever more important elements in the growth of this industry, it is only natural that non-U.S. societies will also want to participate in the wealth they generate."

## There are enough experienced Canadians to fill the jobs—and tax credits for hiring them

**In Los Angeles**, Consul General Kim Campbell has argued that Canadians are huge consumers of American entertainment, and much more money flows from Canada into the United States than vice versa. Even when Americans do come to film in Canada, she told *Maclean's*, 45 per cent of the budget remains in the United States to pay for costs such as postproduction. And the complaint about U.S. union members not being able to work in Canada holds equally true for Canadians in the United States, a point underlined by the scores of documentary filmmakers recently barred by U.S. border officials. Finally, Campbell says, the tax breaks were intended to anchor the industry permanently in Canada. "There were concerns that once the Canadian dollar went up, the Americans would leave and we'd be left with just a bunch of empty Styrofoam cups," she says, concluding "it's an arrogant notion that film production only belongs in Hollywood."

At 9 p.m. in the abandoned Versatile Shipyards in North Vancouver, the film crew of the U.S. flick *Romeo Must Die* is getting ready to blow up a barge floating in the Burrard Inlet. Getting permission to do this took two months, and police, ambulance and fire crews are on hand to make sure nothing goes awry. The man responsible for the detonation and everything else on this set, production manager Warren Carr, is making a few last checks before the barge is torched. *Romeo Must Die* has a budget of $41 million and is only one in a series of films Carr has worked on for U.S. companies, including Universal Pictures and Walt Disney. "Visualize any major U.S. city where you can find forests, snow, islands and oceans all within an hour's drive," says Carr, a Canadian who lives in Vancouver. "There's variety in the scenery, the dollar is low, labour rates are low, and crews are experienced."

Richard Lewis, a partner in Los Angeles-based Trilogy Entertainment Group, agrees. Trilogy's lineup includes the television series *Poltergeist: The Legacy* and *The Outer Limits*, both made in Canada, the second in tandem with Toronto-based Alliance Atlantis. Five years ago, before production of *Outer Limits* began, Lewis was concerned about finding experienced crews in Vancouver. "But after working here a couple of weeks, that skepticism was dispelled," he says by phone from his home in Napa, Calif. The ease, too, of the 2½-hour flight from Los Angeles, the ability to work in the same time zone, even the rain in Vancouver, which "gives you a very rich-looking image on film," are all assets, Lewis says. And the low exchange rate allowed his company to save 30 per cent in costs, roughly $300,000 per episode. "That's a lot of money when you add up 22 episodes a year."

It is perceptions like these that are eating the hearts out of U.S. guild members who, until a decade ago, could easily come up north to work since there were few skilled Canadians. Now, there are enough savvy Canucks to fill the jobs—and tax credits for hiring them. Bryan Unger, the DGA's associate western executive director, says the tax credits have offended many of his guild members. "The only goal of those ▶



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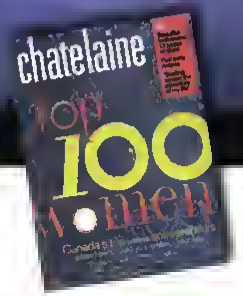
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tax credits was to attract American production to Canada," he adds. "From our perspective, it was a way to seriously undermine not only our contracts, but our working base." Unger says he has talked to the Hollywood movie studios about the issue "until I'm blue in the face," but few financiers are ready to listen. "It's so economically attractive to film in Canada, the choice is made for them," he says ruefully.

**The average cost** of making a film in the United States, according to the Motion Picture Association of America, doubled between 1993 and 1998, from $38.1 million to $76.9 million. Star salaries have shot up, so have marketing costs, while box office receipts have dwindled. Slapped on the wrists by their corporate masters, companies such as Walt Disney have lopped production, releasing only 15 films this year, compared with the usual 25. "We weren't getting enough return from the pictures we were making," says Paul Steinke, senior vice-president for motion picture production finance at Disney. He acknowledges some of the television shows and films, such as *Mission to Mars*, that Disney would have traditionally made in Los Angeles have been shifted north. "That's the type of Hollywood flick you'd normally produce on the back lot in Los Angeles," Steinke allows. "But there were major cost incentives to come to Vancouver." The savings, he figures, could add up to $10 million. He concludes that to win back business to Los Angeles, California-based unions need more than tax credits; they need to become competitive with Canadians. "The industry here," says Steinke, "needs to be shaken up."



*Scene from the TV sci-fi series* First Wave, *affordable*

Just outside the former Shaughnessy Hospital in Vancouver, crews are preparing to film an episode of *First Wave*, which runs on the Space Channel in Canada and the Sci-Fi Channel in the United States. The series has a dash of *Deep Space Nine* flavoured with *The Fugitive*—aliens try to conquer Earth but are thwarted by Cade Foster, who is on the run from the police. The series' creator, Los Angeles writer Chris Brancato, is on the set supervising the shoot, making sure the director's interpretation of the script conforms with Brancato's own vision of how the show should look. "*First Wave* couldn't exist without the tax incentives in Canada," says Brancato. "We simply could not afford to do this in L.A."

In fact, it was Vancouver-based producer Larry Sugar who gave Brancato's idea the nod and found the means to get it on-air in Canada, then sold it in the United States and 55 other countries. "When I think of this supposed issue of runaway productions," says Brancato, "I realize people don't understand that companies are taking multimillion-dollar gambles knowing full well the odds are 90 per cent the show might tank and they will lose every dime they invested." Paul Bronfman, president of Totonto-based Comweb Group, notes U.S. producers have kept largely silent about the union fracas. "They still very much want to shoot in Canada, but they don't want to defy the SAG and the DGA," says Bronfman, who along with U.S. producer Stephen J. Cannell built what is now known as Lions Gate Studios. Bronfman and Adam Ostry, who heads the Ontario Film Development Corp., argue Hollywood decision-makers will continue to see the competitive advantage of Canada. Even if the dollar rises, Canadian crews are so skilled and the facilities so good that the industry will continue to thrive, Ostry says. In Ontario last year, film and television production hit $750 million, but over half of that was domestic. While foreign investment has helped, he says, "it isn't the source of our creativity. We created the industry ourselves through the CBC and the National Film Board. That's something the American unions don't seem to understand."

**The growth of** cable networks has been a boon for Canadian producers like Shavick and Robin Spry, president of Montreal's Telescene Film Group Inc. Telescene undertakes joint ventures with companies such as Fox Family Channel to produce programs like *Big Wolf on Campus*, a show the American unions interpret as "runaway." "The product may be on U.S. television, but it's not a runaway production," Spry says with a touch of irritation in his voice. "It didn't exist until some Canadian thought it up."

Back at Lions Gate Studios, Hayek and her dialect coach have disappeared into the soundstage. Steve Zahn isn't needed yet, so he leaps into his trailer to grab a bottle of water. Asked about the pressure on U.S. actors to boycott Canada and stop runaway production, the 31-year-old actor from Minnesota shakes his head. "I'm more concerned with finding good material than worrying about where I'm working." And there's the rub for California-based unions fighting runaway production. Stars want good roles, studios want to save money and create good entertainment. By filming in the Great White North, they can have it all.

# The Literary Art of War

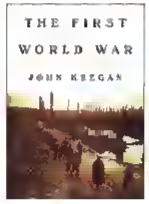


*Canadian troops with German prisoners in 1917: even as enthusiasm died, grim determination propelled armies onward*

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**By Brian Bethune**

## Military historians bring little-known conflicts to life and tackle controversial aspects of the wars Canadians fought




**John Keegan**, the most prominent military historian alive today, has a simple answer to the question why his craft is undergoing a renaissance. "It's the excitement, that's all," says Keegan. "I just read a new translation of the *Iliad* and the battle scenes made my hair stand on end and that's 3,000 years old. Good writers pass that excitement on to their readers." That may explain why Keegan regularly appears on best-seller lists—as he is now doing with *The First World War* (Key Porter, $38.95). The 65-year-old English historian writes superbly, with verve and sympathetic imagination, about both commanders and ordinary soldiers.

But there are other factors involved in the increased numbers and commercial success of military history books in the English-speaking world during the past decade. The passing of the Second World War generation has renewed interest in wartime experiences among surviving veterans, and prompted many to bring long-delayed testaments to print. Equally important may be the widening of the genre, as writers bring little-known conflicts to life and tackle controversial aspects of the 20th century's world wars.

For more than two decades, though, it is Keegan who has been military history's most distinguished practitioner. *The Face of Battle*, his renowned 1976 study of failures and triumphs in combat, was hailed as a breakthrough by fellow historians. It also, Keegan says, firmly established his popularity in Canada and the United States by its "favourable remarks" about North America's wartime efforts. As a boy in wartime Britain, Keegan was an entranced witness to the arrival of the Canadian and American forces. The former Sandhurst professor's own reciprocal affection for the New World dates from then—and has caused him his only real regret about his new book. When Keegan was asked in 1994 to advise U.S. President Bill Clinton on what to say during the ceremony commemorating the 50th anniversary of D-Day, he began by telling the American leader "Remember the Canadian contribution." But, he now confesses about *The First World War*, "I wish I'd said more about the Canadians—I thought I'd said the right things, and in my head I know the Canadians were tremendously important, but it just didn't come out in the book."

Keegan's Canadian fans seem to have forgiven him. The Great War is a monumental, almost overwhelming topic, even for a historian of Keegan's considerable strengths. The records of its mass slaughters, "the dreariest literature" in military annals, he writes, "scarcely bear contemplation." Its seemingly bloodless commanders, like British Field Marshal Sir Douglas Haig, "in whose public manner and private diaries no concern for human suffering was or is discernible," are difficult subjects. Yet *The First World War* is a triumph of popular history—a powerful and coherent narrative that is also graceful and elegiac, a literary war memorial.

The Western Front, where more than 60,000 Canadians and Newfoundlanders lost their lives between 1914 and 1918, was a literal hell—a defoliated strip of churned mud, artillery shells and corpses. The front stretched more than 700 km from the North Sea to Switzerland, but barely exceeded 10 km in width. Behind it, bizarrely, flourished a wartime boom economy, fuelled by soldiers on leave, picnicking among the flowers, relaxing in taverns, lining up for brothels. But inexorably, in time they returned to the front and took their places in the vast offensives that killed millions and accomplished pathetically little.

In military terms, Keegan argues, the problem was tactical, primarily a matter of communications, compounded by the absence of mobile weaponry like tanks. Once an offensive began, he says, telephone lines were destroyed, runners blocked or killed and "the battlefield went deaf." Commanders only a kilometre away knew nothing, and could not make informed decisions about the artillery barrages that alone enabled men to advance. Stop a bombardment too late, and "friendly fire" would rain down upon the attackers; stop it too soon and the overwhelming advantage provided by entrenched machine-guns returned to the remaining enemy. At Neuve-Chapelle in 1915, two surviving German machine-guns killed 1,000 English soldiers in two hours. Later that year, at the so-called corpse field of Loos, high ground protected the German defence from bombardment. When the British advanced shoulder to shoulder, massed machine-gun fire struck down 8,000 of them in minutes. So nauseated were the *victors* that they held their fire when the British finally began to retreat.

It is the German reaction to such scenes that seems most understandable to modern minds. The British response, in contrast, goes to the heart of the enduring enigma of the war. Far from questioning such pointless carnage, the generals shrugged off their losses and took them as a stimulus to renewed aggression. At least until the Somme in 1916. That battle, where 20,000 died on the first day alone, saw the greatest loss of life in British military history. Some regiments such as the First Newfoundland, annihilated at the Beaumont Hamel sector, simply ceased to exist. The "holocaust" of the Somme, Keegan writes, marked the "end of an age of vital optimism in British life that has never been recovered."

But even as enthusiasm died, grim determination propelled armies onward. Keegan, whose lacerating portrait of the war piles dozens of instances of military futility upon one another until the reader is numb, says he is still "mystified" by the war. "I know a terrible logic developed. Both sides would say, 'We've lost so much, we can't stop now until we gain something that justifies all those deaths.' But I don't *really* know. You can describe the First World War, but you can't explain it."

The Great War, the saddest episode in Western history, became a transcendental mystery to Keegan as he studied it, an unparalleled example of humanity's capacity for good and evil. In the end, he found its innumerable instances of heroism, self-sacrifice and comradeship as significant as its cruelties. "If we could understand its loves, as well as its hates," *The First World War* concludes, "we would be nearer to understanding the mystery of human life."

## In brief:

**British historian** Joanna Bourke may have a piece of the answer to Keegan's puzzle. Much current writing suggests that war is an evil business that soldiers grimly endure. But in *An Intimate History of Killing* (Granta, $50), Bourke argues that war also allows many people to joyfully release their aggressive impulses. This is an old point (Freud, among others, made it decades ago), but Bourke's book brims with such vividly drawn examples that it seems fresh. She presents First



Todd Korol for Maclean's

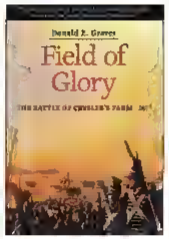
*Bercuson at Calgary military museum: the dangers of an underfunded military*

World War infantrymen who couldn't wait to skewer Germans on their bayonets, and Vietnam veterans who experienced ecstasy at the destruction sown by their machine-guns. Bourke maintains that such soldiers (and some of her examples are female), are not psychopaths—they are ordinary people who, under normal circumstances, possess a healthy moral sense.

As Bourke points out, this throws a whole new light on the famous reluctance of many veterans to talk about their combat experiences with their families and friends. How can they tell anybody that they enjoyed mowing down Viet Cong, let alone experienced a thrill murdering unarmed civilians, as apparently many American troops did in the Vietnam War's notorious My Lai massacre? Bourke's book is disturbing, but her main thesis is undermined by a critical contradiction. The author cites one study that suggests only about 25 per cent of troops act aggressively in battle. The rest often do not even fire their guns. Bloody-mindedness, it would seem, is an attribute of the minority.

This fact has been the despair of military brass the world over. Some of the best parts of the book detail the various training concepts used to try to turn ordinary Joes into efficient killers. There is a certain black humour in these passages: in one exercise, Australian army officials simulated battle conditions so well that some of the would-be soldiers succumbed to shell shock. Bourke is also fascinating on the way some soldiers go into battle with their heads full of John Wayne heroics (and sometimes get killed immediately as a result). And she writes perceptively of how virtually all veterans use psychological stratagems to preserve their moral integrity: killer or coward, every soldier wants to come home with his conscience clean.

## Canada would almost certainly not exist now had the day turned out otherwise




**In *Blood on the Hills*** (University of Toronto Press, $35), Alberta-based historian David J. Bercuson argues that Canada's participation in the Korean War was undermined by bad planning and bad leadership. More than 25,000 Canadians served in that conflict between 1950 and 1953, and more than 500 died as troops under the command of the United Nations fought to keep the Communist armies of North Korea out of the South. Bercuson implies that the casualty figures might have been lower if the Canadian army had taught its soldiers how to fight a defensive war—among the muddy hills of the Korean landscape. And it might have helped, too, if Canada had given them better guns. Unhappy with their issue of old Lee-Enfield rifles from the Second World War, many of the Canadians soldiers disobeyed orders and acquired superior American weapons from their cohorts in the U.S. army. Bercuson's book offers an important object lesson about the dangers of having an underfunded military, but its lack of narrative excitement means it will appeal mainly to specialists and Korean War aficionados.

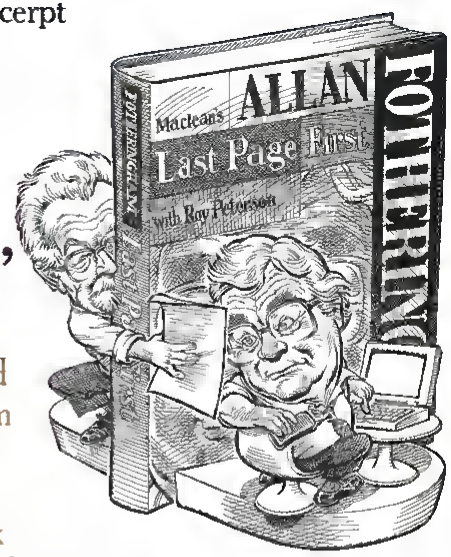
**The scale may** be infinitely smaller than the canvases painted by Keegan or even Bercuson, but for Canada the stakes could not have been higher in the War of 1812. With impeccable, detailed research, Donald Graves's *Field of Glory: The Battle of Crysler's Farm, 1813* (Robin Brass Studio, $22.95) re-creates the crucial middle year of the conflict. For the young American republic, 1813 was its last, best chance to annex the remaining British colonies of North America. Britain itself was fully engaged in the climactic period of its 15-year struggle with Napoleon. And the United States had managed to assemble armies of a size it would not raise again until the Civil War, and had aimed them at Montreal.

Graves, Canada's leading expert on the conflict, is a first-rate battlefield historian, and he weaves masterfully through the fog of war to explain events at the Quebec battle of Châteauguay on Oct. 26 and at the decisive struggle at the Crysler family's muddy field on Nov. 11. There, along the north bank of the St. Lawrence River near Morrisburg, Ont., a tiny 1,200-strong army of British regulars, English- and French-speaking Canadian militia and their Mohawk allies, routed an American force more than twice its size. Canada would almost certainly not exist now had the day turned out otherwise. Even the U.S. army recognizes the battle's importance, albeit from an opposing perspective. As American army historian Col. John Elting put it in his preface to *Field of Glory*: "Crysler's Farm has always been regarded as the absolute nadir of the history of the American regular army." Graves's fine book, the first full account of the campaign, is a fitting tribute to a key moment in the life of Canada.

*With John Bemrose in Toronto*



# Allan Fotheringham Excerpt




# 'If I didn't do this, I'd have to get a job'

*Allan Fotheringham and Ray Peterson have been fixtures on the back page of* Maclean's *for more than two decades. In this excerpt from his new book—titled, appropriately,* Last Page First—*Fotheringham explains how it all began.*

## How a reformed sportswriter from the Left Coast found himself gracing the back page of *Maclean's*

**One day in** the autumn of 1975, Peter C. Newman, who was about to morph stately old *Maclean's* into a newsmagazine, sent a letter across the mountains to me in Vancouver. In it he offered me "a job of your choice." I told him I couldn't move, for family reasons, to dreaded Central Canada but would do a national column for him from Vancouver. I sent off my first epic for the Oct. 6, 1975, debut, and rushed out to the newsstand on Tuesday morning, when the mag arrived in Vancouver. A man of small ego, I instinctively turned to the opening pages, expecting my brilliant tome to be on page 2, if not 3. It wasn't there. I leafed through the mag with sinking heart, it wasn't in the first 20 pages. Nor the next 20.

Crushed in the realization that my first effort had been rejected, I finally—completely deflated—turned to the last page, there to find my orphaned piece. It turned out to be the most inspired positioning ever in Canadian journalism. There isn't a self-respecting journalist in Canada today who wouldn't give his left one for that spot.

It's all I've ever done. I've never done anything else in my life. If I didn't do this, I'd have to get a job. I wrote a column in the *Chilliwack High School Tattler*—in the Fraser Valley, an hour or so as the typewriter flies (flew?) east from Vancouver. The first one was a satire on the then-famous John L. Lewis, as head of the United Mine Workers' Union, a towering figure who annually brought the White House to its knees (hello there, Monica) with economy-breaking strikes. I made the analogy in my debut column, God save us, to Chilliwack High's student complaints about cafeteria food. I apparently liked understatement even in my callow youth.

At the same time, I was asked to write a column for the *Chilliwack Progress*, a weekly sheet owned by the best of all bosses—someone who is rich and eccentric. His name was Les Barber. He had noticed my manic rantings in the *Tattler* and invented a weekly pulpit for me. High School Highlights.

He had on staff at the time one Stanley Burke, who had graduated from the University of British Columbia in, for some strange reason, agriculture and had started a turkey farm outside Chilliwack, featuring a large sign "Come to Burke's for Tender Turks." His birds instantly expired from ailments hitherto unknown to the breed, and Stanley, to exist, had become the star reporter of the *Chilliwack Progress*.

Stanley moved on, as you will recall, to be CBC's star correspondent in Biafra and, eventually, the successor to Lorne Greene and Earl Cameron, as reader of the pre-Peter Mansbridge, terribly respectable evening's news.

And I began my own move, inching carefully from Chilliwack to the wilds of Vancouver.

As a one-talent 18-year-old, on my first day on the campus of the University of British Columbia, I went down to the Brock Hall basement quarters of *The Ubyssey*, the most celebrated university paper in the country.

It was "the vile rag"—so described by a disgusted professor—that had produced Earle Birney, Lister Sinclair, Pierre Berton, Justice Nathan Nemetz, Ron Haggart, Val Sears, Jack Wasserman, (John Turner was the sports editor), Joe Schlesinger, Helen Hutchinson, Peter Worthington, Alexander Ross and Eric Nicol, who won so many Stephen Leacock Medals for Humour that I understand he was asked to desist so someone else could have a go.

On that first day at *The Ubyssey*, I was

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sent out to do a news story—something completely foreign to me. On the second day, I was sent out to do a news story. Thinking this ridiculous, as well as boring, I sat down and wrote by hand, in pencil, a column mocking the alleged sexual prowess of the rollicking engineering faculty on campus.

When I picked up *The Ubyssey* next morning, the column—Campus Chaff—was on the front page, where it remained for three years. The one-talent career remained in the rut.

I joined *The Vancouver Sun* in 1954 as a sportswriter. Sportswriting, as opposed to ordinary journalism, is a free-swinging, imaginative gig—all the circus acts you want to try, without a safety net. It was the natural haunt for someone from Chilliwack High who wouldn't know a news story if he tripped over one, who needed a lot of elbow room and had lots of space to fill—miles away from the poor typist at the next desk in the newsroom who would get eight paragraphs for the mayor's latest pronouncement.




**The young lady did a great parody, throwing herself on the floor and screaming, 'They changed a comma!'**

My hero in life, a man I had never met, was Red Smith's sports editor at the *New York Herald-Tribune*, Stanley Woodward. A legendary figure in New York journalism, he was remembered at his death by one friend who recalled that he "was unfailingly kind to his underlings, barely tolerated his equals and was openly contemptuous of his superiors." I would like that on my tombstone.

I wrote a travel column for the paper, jetting around the world on an expense account, proving—while all my friends justifiably hated my guts—the old adage that you will never be a millionaire as a newspaperman, but you can live like one.

I wrote editorials, the most irresponsible act of all since they are never (except in sensible places like Quebec) signed. Useless nostrums, always ending with either what the government "should" do or "only time will tell."

"Should" is the most useless word in the English language. You "should" wash behind your ears. Or you "should not" go out with that boy who rides a motorcycle. It is nonsense, which is why almost no one ever reads newspaper editorials.

While wasting my time writing editorials, Erwin S. Swangard—who was managing editor of the paper—muttered one day in his guttural way that I shouldn't be writing under someone else's name (i.e., the paper's official voice), but my own.

I had an idea. Most serious columnists, it seemed to me, came to the office, puffed on their pipes, looked out the window and then delivered Olympian overviews of the world's ills. A columnist, someone once said, is simply a good reporter who has strong views. I thought I should get out of the office.

Where did "Dr. Foth" come from? I did not, as imagined, make it up myself. It came about years back through the inventive mischief of Nick Auf der Maur, the legendary Montreal boulevardier who smoked himself to death, succumbing in early 1998 at the ridiculous age of 56. In my Ottawa days, he began to refer to me as "Dr. Foth" in his column. I never asked him why, but I presumed it was in reference to Dr. Hunter S. Thompson, the crazed American who invented "gonzo journalism" and once, when the press secretary for presidential candidate Hubert Horatio Humphrey lied to him—as all press secretaries are paid to do—went up to the man's hotel room and set fire to his door.

At *The Vancouver Sun* there was a young lady, a lively reporter, who apparently had a great party act that she displayed before fellow reporters at late-night gatherings when the grape flowed freely. It involved said female imitating a certain columnist you might recognize who rushed into the newsroom in great agitation, shouting, cursing, on the edge of apoplexy, and finally throwing himself on the floor, kicking his heels in rage and screaming: "THEY CHANGED A COMMA!"

It was apparently a great show, highly applauded (and not too far from the truth). I jealously guard my copy, and am disliked by editors because of what they regard as an unreasonable attitude. At least two *Maclean's* senior editors (that I know of; there may have been more) have refused to handle the copy, because they regard me as too "difficult." Their actual words would frighten horses and children and won't be repeated here. I plead guilty as charged. I am difficult, but it's my baby, it's my column and my name—no one else's—goes at the top of it. George Bain, who wrote the most brilliant column in Canada for *The Globe and Mail* from his Ottawa eagle's nest, said it all in his final effort: "A regular column, more than anything else in a newspaper, depends on a relationship developing between the writer and reader. What a columnist depends on is the reader returning most days, at least to have a look, to see what is being said, and perhaps to stay on to have a read. There is something personal about it, like conversation, although the columnist does most of the talking."

I don't think I'm being unreasonable. I think I'm being faithful to the reader—to make sure said reader gets what the reader is paying for. The Full Monty, as it were. m



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